



**Minutes of the Meeting of the Audit Committee
held remotely on Monday 28 March 2022**

Present: - Jennette Arnold OBE (Chair)
Judy Balderson (Co-opted Member)
Joe Hedges (Chair of the meeting due to technical issues with the Chair's connection)

In attendance: - Tim Williams (Finance Director)
Jane Simons (College Accountant)
Linda Watkins (Clerk to the Governors)
Abigail Appleton (Principal)
Xaviere Hughes (Head of Further Education) left after item 4
Louise Tweedie (RSM)

The meeting was quorate as three members of the Audit Committee were present.

1. Apologies for Absence

Apologies were received from Kay Sandford-Beal.

2. Declarations of Interest

There were no declarations.

3. Minutes of the Last Meeting

The Committee agreed that the Chair should sign the minutes of the meeting held on 29 November 2021 as a true record.

Matters arising from the Minutes

- I. The May Board Meeting will include a focus on sustainability.
- II. The Finance Director confirmed that the College uses West Mercia Energy(WME) for the purchase of the majority of the College utility contracts. If a supplier went into liquidation the contract would eventually be transferred to another supplier; however, there would be no indication of cost which is not capped for a commercial business. Contract rates are due for renewal on 1 April and a significant increase is forecasted. Continuity of supply is not a risk; however, cost increase is a key risk with high likelihood and impact. This was included in the risk register.

The Committee agreed: -

- To approve the minutes

4. RSM Internal Auditor's Reports

RSM presented the following reports.

- I. The progress report outlined progress against the audit plan including client briefings which were presented for information. Briefings were provided including a comprehensive update on cyber security and how to be 'scam savvy', a holistic approach to menopause in the workplace (the College has drafted a policy), and a higher education briefing regarding the OfS and TEF consultations. This covered assessing graduate level jobs 15 months after graduation, achievement of the same qualification for all students regardless of their entry level qualification or background. The College submitted feedback to the consultation following advice from GuildHE.

RSM had been audited with an External Quality Assessment against the Institute of Internal Auditor's Standards to review the processes and practices of the internal audit function. RSM had achieved the highest-level outcome. Congratulations were recorded to RSM.

- II. The quality assurance systems further education audit was given substantial assurance with one medium and three low-level recommendations. Ofsted are the regulating body for FE quality. The audit reviewed the structure and framework, mechanism to assess teaching and learning, self assessment process and internal/external moderation. The FE Management Team will receive regular updates on Internal Verification to identify any common themes. The Head of FE commented that the audit was extremely helpful which had identified areas to address which were also beneficial preparation for an Ofsted inspection.
- III. Safeguarding framework: harassment and sexual misconduct was given substantial assurance with one medium and two low-level recommendations. OfS have a statement of expectations and there were recommendations from Ofsted following reviews in the sector which had raised some serious concerns. The College would review its harassment and sexual misconduct policy against the statement of expectations. Again, in line with the statement of expectations, a training strategy was required which support staff to respond effectively to harassment and sexual misconduct. SLT are reviewing how to address allegations or complaints raised against staff. A Governor referred to the executive summary which stated that there were no cases of harassment or sexual misconduct recorded on MyConcern at the time of the audit. The College is a small institution meaning staff work closely with students and are aware of issues; MyConcern is regularly updated. Individual concerns were not tagged with subject headings previously but linked to initial concerns. A further drill down by category had identified more specific recording is required. Prompt response to concerns is vital for students and the College's reputation; assurance was requested to improve reporting on harassment and sexual misconduct. Sector practice and guidance was being developed in this area which would be reviewed to ensure

incidents are addressed. As part of the recent Ofsted pilot, a Senior HMI conducted a deep dive of safeguarding procedures confirming that these are robust. This included strong links with external agencies who provide support for staff and students, safer recruitment processes and students confirming that they feel safe in College where there is an attitude of respect. It was agreed that the College must remain vigilant and address all safeguarding concerns.

The Committee agreed: -

- To note the Internal Auditor's reports and useful sector updates
- To congratulate RSM on the excellent achievement from their External Quality Assessment

5. Risk Management Register and Report

The Finance Director and Principal highlighted risks with discussion.

The risk 'staff morale and wellbeing decreasing' had increased from 8 to 12 following discussion by SLT regarding the increase in the cost of living, the pandemic and impact on morale. The College had made low pay awards in previous years which had increased risks to staff retention if the College is unable to make pay awards. National Insurance, National Living Wage (NLW) and National Minimum Wage (NMW) increases are effective from 1 April 2022; this will increase the lowest scale point by 6.6% and will increase salary costs which will have a knock-on effect with other positions and scales.

An FE pilot Ofsted had been conducted with positive feedback; there would not be published report. College quality relating to HE linked to the regulatory framework and three OfS consultations. The Access and Participation Plan (APP) will be updated in 2023/24 which will be a robust document based on data.

There had been staff changes in the marketing team with new appointments to Senior Head of Communications and Digital Marketing Manager. In addition, a temporary Finance Assistant and Digital Futures Tutor have been appointed to cover staff absences.

HE applications have increased by 31.6% compared to last year; firm acceptances are being monitored. FE applications are comparable to the same period last year; however, FE applicants frequently accept more than one offer. This year the impact of covid-19 on applications remains uncertain.

The risk relating to the quality of Station Approach accommodation had changed to focus on the student experience.

There was discussion about the College's financial health. ESFA are monitoring the College's finances. Monthly management accounts and the risk register highlight risks. Substantial increases to utilities is a significant risk which F&GP Committee have discussed which had been added into the financial forecast.

Potential course compensation and tuition fee refunds to students following lockdown did not materialise for HCA following the introduction of actions to mitigate the negative impact on students' experience and learning. In addition to online delivery workshops were open for an extended time. Delivery had met Consumer Market Authorities (CMA) requirements. It was agreed to remove this risk.

ACTION: FINANCE DIRECTOR

Risk 17 relating to Brexit was covered by other risks and would be removed. **ACTION: FINANCE DIRECTOR**

The lease for the Hive and Chapel at College Road are being renegotiated with Herefordshire Council as part of discussion about the lease for College Road Campus. F&GP Committee have discussed the lease.

The Committee agreed: -

- To note the risk register and agree to remove risks as recorded

6. **Recommendation Tracking**

The report showed progress of recommendations to date with specific discussion. The Chair referred to the number of actions which remained outstanding, some dating back as far as September 2018 with 0% completion of some recommendations to date. It was agreed to group these together for reporting in future. **ACTION: FINANCE DIRECTOR**

There was a question about risks with revised dates enquiring when these will be actioned. The IT and Digital Resources Manager commenced in August 2021 who was addressing several recommendations; however, his role had subsequently expanded to include estates management. This area had experienced staffing issues compounded by some of the team leaving and staff sickness.

A Governor enquired when an IT strategy would be available; a new IT strategy is being prepared which is a significant piece of work.

Overall the Committee were uncomfortable with the number of outstanding recommendations, particularly those dating back to 2018 agreeing that there needed to be a more dynamic approach to implement actions. The Chair offered to liaise with the Finance Director to improve the tracker ensuring that the statement of the current status provided vigour to show actions to address recommendations. **ACTION: FINANCE DIRECTOR/CHAIR**

The Committee agreed: -

- To note the tracker, particularly the high percentage of outstanding actions with support offered from the Chair

7. **Briefing on the role and responsibilities of the Audit Committee**

RSM provided a briefing summarising the Audit Committee's role based on the Ofsted Education Inspection Framework, Audit Code of Practice and AoC's Code of Good Governance. Governors require a

broad range of knowledge, skills and experience to support and challenge, with sufficient time and to act in the best interest of the College. It is essential that members of the Committee have recent and relevant experience in risk management, finance and assurance.

The Committee must provide an opinion to the Corporation on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes. It must produce an annual audit report to the Corporation and ensure that the quality of college data is robust. Internal auditor's reports focus on funding compliance and the financial statements' auditors test student data as part of their audit.

Other assurance mechanisms include Ofsted, independent audits on specialist areas e.g. fire risk assurance, management accounts, budget, revised forecasts and value for money report. The Committee also gains some assurance from the role of the F&GP Committee. A Board assurance framework could be introduced to oversee and join up the role of the Committees. The Committee must alert the Board about any financial issues, risks or weaknesses.

The Committee is responsible to recommend to the Board the appointment, reappointment, dismissal and remuneration of its auditors.

Assurance of a framework for whistleblowing, processes to manage fraud, irregularity and impropriety are also part of the Committee's remit.

The Committee agreed: -

- To note and thank Louise Tweedie for the useful presentation on the role and responsibility of the Audit Committee
- A briefing on fraud, cyber and whistleblowing would be arranged for the next meeting
- The template discussed by the S&G Committee evidencing compliance to the AoC code of good governance would be emailed to the Committee. **ACTION: CLERK**

8. Any Other Business

A Governor asked about delivery of teaching and learning in the event that students from Ukraine relocated to Hereford. The Principal is working with UKADIA group of colleges who are negotiating with DfE which could include delivery of non-accredited learning for students. There is a strong appetite to support.

A Governor asked if initial issues experienced at Station Approach had been addressed which was confirmed.

9. Date and Time of the Next Meeting

The next meeting was arranged for Monday 13 June 2022 commencing at 2.00pm.

Signed as a true record of proceedings:

Chair: **Date:**