



**Minutes of the Meeting of the Audit Committee  
held on Monday 29 November 2021**

**Present: -** Jennette Arnold OBE (Chair)  
Judy Balderson (Co-opted Member) via Teams  
Joe Hedges  
Mike Rookes (Co-opted Member)  
Kay Sandford-Beal

**In attendance: -** Jane Simons (College Accountant)  
Linda Watkins (Clerk to the Governors)  
Abigail Appleton (Principal)  
Louise Tweedie (RSM) via Teams  
Karen Gentles (RSM) via Teams  
Jon Marchant (Mazars) via Teams  
Carol Davey (Mazars) via Teams

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

**1. Apologies for Absence**

Apologies were received from Tim Williams (Finance Director).

**2. Declarations of Interest**

There were no declarations.

**3. Confidential discussion with Auditors without Officers present**

The Chair asked the Auditors if there were any issues of concern. Mazars confirmed that there were no issues to raise. The financial statements audit had been completed as a hybrid with a combination of auditors onsite and working with the finance team remotely. The audit had gone smoothly.

RSM referred to the audit opinion in their annual report which was the third opinion (1-4 levels). This reflected the backlog of outstanding recommendations meaning that the audit environment remains adequate despite several issues which have not been addressed. The auditors acknowledged that the College has a small team and that the pandemic had increased pressures significantly.

The Chair updated Governors that she had a conversation with the Finance Director prior to the meeting including discussion about outstanding recommendations. The Finance Director is prioritising resolving these and anticipated that several should be addressed by the next meeting.

A Governor commented that this appeared to be a resourcing issue for a small team which was acknowledged and would be raised with officers during the main meeting.

**4. Minutes of the Last Meeting**

The Committee agreed that the Chair should sign the minutes of the meeting held on 14 June 2021 as a true record.

**Matters arising from the Minutes**

- I. The risk register had been revised to include new risks of health and safety, safeguarding and reputation.
- II. A summary of the counter fraud risk assessment was included in the Audit Committee Annual Report
- III. Specific training topics for Audit Committee would be incorporated into future meetings as appropriate with briefings provided by the Auditors. **ACTION: CLERK**

The Committee agreed: -

- To approve the minutes

**5. Value for Money Annual Report to 31 July 2021**

The report evidenced processes to ensure value for money. This showed the College had satisfactory arrangements to promote economy, efficiency and effectiveness.

The Committee agreed: -

- To recommend that the Board note the value for money annual report to 31 July 2021 which provided assurance of practices

**6. ACOP Regularity Self Assessment**

The ACOP requires completion of the self assessment to provide clarity of the accountability framework, key requirements and evidence to support the statement of regularity, propriety and compliance in the financial statements. Mazars have reviewed the document as part of the process before the financial statements are signed off.

The Committee agreed: -

- To recommend that the Chair of the Corporation and Principal sign the regularity audit self assessment which Mazars had reviewed

**7. Annual Report and Financial Statements to 31 July 2020 and assurance**

- I. RSM presented the annual report for the year ended 31 July 2021 which provided an overall opinion that there are weaknesses in the framework of governance, risk management and control such that it could become inadequate and ineffective. This was the third level opinion (level 1-4) which was lower than previous years reflecting the number of outstanding recommendations and audit opinions in reports. The Chair referred to discussion at the meeting without officers asking if there were resourcing issues in

addition to the immense pressures created by the pandemic. The Principal acknowledged this responding that digital, finance and data protection are key areas requiring action. An IT and Digital Resources Manager commenced at the start of term who is providing support and would address several recommendations across these areas. There was an option to invite the IT and Digital Resources Manager to the Committee to report specific progress. The finance team is small with management considering buying in support to review processes and write policies. Officers are prioritising addressing recommendations and will continue to report progress to the Committee.

- II. Mazars' Audit Completion Report for the year ended 31 July 2021 was presented with confirmation that the majority of the audit had been completed. The revised ACOP meant that the auditors are no longer able to rely on assurance provided by ESFA for income generated through ILR returns. RSM had audited learner number systems; Mazars considered the report to identify the focus of their review. No issues were identified.

The report was outlined covering the purpose of the financial statements audit, financial performance, significant findings, risks, accounting and audit issues to provide assurance for the Corporation to sign off the financial statements to 31 July 2021.

Significant risks and key judgement areas were tested including that management did not override controls, revenue recognition and that the College is a going concern. The financial statements confirmed that the College is a going concern and Mazars would issue an unqualified opinion. Mazars assessed the College's viability for the 12 months from the date of signing the financial statements reviewing if income and expenditure are appropriate to ensure sufficient funds to deliver the College's educational activities

Pension assumptions from LGPS were used and tested by Mazars' actuary with no significant changes to the deficit disclosed in the financial statements. Benchmarking comparisons of pensions were provided with an assumption of a 4% increase for LGPS pensions. Mazars actuaries had agreed with this assumption which had also increased the pension liability.

The internal control environment had been considered with one low level recommendation regarding payroll. Signed contracts for 4 new starters were not provided in a sample of 8 tested. This had been more challenging during remote working during lockdown which would not cause material error. The Principal confirmed that SLT had reviewed the

individual contracts and reasons including a new starter who had left post.

A follow up of recommendations from last year identified that the registration of the College Title with Land Registry had not been finalised due to delays by Land Registry as the College had submitted necessary documentation.

No misstatements were identified arising from the audit work undertaken.

A Governor referred to appendix D which provided an update on climate change commenting that the College has set robust and challenging environmental sustainability targets. This would be highlighted to the Board. **ACTION: CHAIR**

- III. The Audit Committee's Annual Report to 31 July 2021 ensured that the Committee met its requirement to advise the Board on the adequacy and effectiveness of the College's internal control systems in accordance with the Audit Code of Practice. This was a factual report detailing the work of the Committee to 31 July 2021. It would be submitted to ESFA with the financial statements.
- IV. The letter of representation was in a standard format for the finance and regularity opinion which was presented for approval to be signed by the Chair of the Corporation

The Chair of Audit Committee and Chair of Corporation would meet Jon Marchant, Partner at Mazars, to provide an additional layer of assurance before the Board are required to endorse the financial statements in order to meet ACOP 66. **ACTION: CLERK/CHAIR**

The Committee agreed: -

- To note RSM's annual report which would be presented to the Board which provided independent assurance
- To recommend that the Board endorse the Audit Committee's Annual Report which would also be submitted to ESFA along with the Members' Report and Financial Statements.
- To note the management letter confirming that Mazars had given HCA an unqualified audit opinion
- To recommend the Board approve the Members' Report and Financial Statements to 31 July 2021 subject to receipt of the final version for circulation to the Committee and Chair of the Corporation
- To approve the letter of representation
- To thank the Finance Director and College Accountant for their role to prepare the financial statements

## **8. RSM Internal Auditor's Reports**

Karen Gentles presented the following reports.

- I. The progress report outlined progress against the audit plan including client briefings which were presented for information. The amended AoC Code of Good Governance for English Colleges will come into effect next year which includes colleges' responsibility to have a robust environmental strategy. A briefing on food labelling guidance in relation to Natasha's law was provided. The Clerk updated Governors that the Search and Governance Committee had discussed the revised Code of Governance agreeing that a summary would be reported to the Board.
- II. The follow up audit showed limited progress. This had already been discussed with arrangements in place to address.

The Committee agreed: -

- To note the Internal Auditor's reports and useful sector updates

## 9. **Risk Management Register and Report**

The risk register and changes were discussed. There was a question why the score regarding the quality of FE teaching and learning had reduced. This had not been affected by the pandemic which was also confirmed by the Academic Quality and Standards Committee and the Self Assessment Report. The risk regarding HE tuition fees refund had also decreased as the College had promptly returned to campus-based teaching. The Principal updated Governors that there had been discussion with the Student Council explaining that the College had taken actions to ensure teaching and learning continued to be provided during lockdown with no follow up from the Student Council. A Governor asked if the risk of covid-19 omicron variant and winter could potentially increase positive cases and if this was taken into account; robust planning was in place. There were new risks relating to utility outages and a major health and safety event as discussed at the last meeting. Business management plans are being developed. A Governor queried the score for the relationship with Herefordshire Council which had not reduced with reasons explained which were due to working with several new officers including a new CEO. It was agreed that the risk relating to the amount and quality of student accommodation had been addressed in the short and mid term by Station Approach but this should be amended to a risk around student experience of the accommodation and reputation. **ACTION: FINANCE DIRECTOR.** Utilities costs have been secured through a consortium with a fixed price contract. The F&GP Committee had discussed potential significant cost increases for utilities which would be added to the risk register. It was proposed to also ascertain if there was a clause in the contract in the event that the supplier went into liquidation. **ACTION: FINANCE DIRECTOR**

The Committee agreed: -

- To note the risk register

**10. Policies for Approval**

The IT and Digital Resources Manager had refreshed policies which two members of SLT had reviewed. A Governor asked if there had been consultation with students regarding the Data Protection Policy and use of students' personal data. There is consultation for some policies and it was agreed that it is crucial to communicate relevant policies to those affected. The SU President is also a Governor who will have the opportunity to feedback to students. Policies are publicised with communication to relevant parties once policies are approved.

The Committee agreed to recommend the Board approve: -

- Freedom of Information Policy
- Data Protection Policy

**11. Recommendation Tracking**

The Committee agreed: -

- To note the tracker and progress which had been covered during previous discussion

**12. Any Other Business**

The Chair, on behalf of Governors, recorded appreciation to Mike Rookes who been a Governor for 10 years and effectively chaired the Audit Committee since 2013. Mike Rookes responded that he had enjoyed the opportunity and sent his best wishes to everyone and the College.

**13. Date and Time of the Next Meeting**

The next meeting was arranged for Monday 28 March 2022 commencing at 2.00pm.

**Signed as a true record of proceedings:**

**Chair:** ..... **Date:** .....