



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Audit Committee held on Monday 27th November 2018 from 6.00pm.

Confirmed Minutes

Present: Mr A Nelson (Chair), Ms K Fleming and Mr K Webb (50%)

In attendance: Mr A Shaw, Ms J Pryce and Mr A Hogg (Wylie & Bisset)

Clerk: Mrs C Coupland

**1. Financial Statement and Members Report 31st July 2018 and Final Audit Findings Report for the year ended 31 JULY 2018
(joint agenda item with Finance and Resources Committee – Chaired by Mr Nelson)**

All members of both Committees introduced themselves.

Mr Shaw explained that the financial statement and members report had already been considered by the senior leadership team prior to submitting to the committees' for recommendation of approval to the corporation.

Mr Shaw confirmed that the financial statements continued to reflect the new Statement of Recommended Practice for Further and Higher Education 2015 and FRS 102.

Mr Shaw drew members' attention to the full compliance Corporate Governance statement, the unqualified audit opinion from the external auditors for the financial statements and findings from the regularity audit.

Mr Shaw explained that the modified Statement of Comprehensive Income clearly highlights the actuarial WYPF gain for the year of £329k, allowance for a holiday pay accrual of £3758k within creditors < 1 year and the re-designation of deferred grants as liabilities < 1 year (£168k) and > 1 year (£5212k). Mr Shaw confirmed that the members report supports the accounts, and gives a description of some of the key highlights in the figures, with a summary of the College achievements in the year. Members were advised that these follow set guidelines, but allow for some degree of flexibility.

Major variations in the figures from 2016-17 were also discussed and accepted by members as a true reflection of in-year progress updates, as provided by the Finance Committee at all corporation meetings.

Mr Hogg presented the Final Audit Findings Report which summarises Wylie & Bisset's key findings in connection with the audit of the financial statements of the College and the regularity audit of the College in respect of the year ended 31st July 2018.

Wylie & Bisset's External Audit Report therefore issues an unqualified opinion on the accounts of Huddersfield New College for the year and also undertakes an overall review of the governance arrangements and process of internal control at the College.

Mr Hogg drew the following items to Member's attention prior to the approval of the financial statements:

- There were no audit and accounting issues identified during the audit of the College.
- There were no matters of impropriety identified during the course of the audit of the College.
- HNC has strong systems in place to comply with governance requirements

- There were no overall recommendations made to college management
- That the accounting policies adopted by the College are appropriate for the circumstances of the College and consistent with the FE sector.

Members were therefore satisfied that the audit approach adopted had provided them with the required confidence that a thorough and robust audit had been carried out. Members were satisfied that no points were again raised during the audit and that no changes were suggested to the financial statements.

As a result of work undertaken, unqualified audit opinions were received from Wylie & Bissett showing that:

In relation to the financial statements, they

- give a true and fair view of the state of the College's affairs as at 31 July 2018 and of the College's results for the year then ended and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

And that

- proper accounting records have been kept;
- the financial statements are in agreement with the accounting records.

In relation to Regularity, Wylie & Bissett's reasonable assurance engagement with the College was undertaken in accordance with the Post 16 Audit Code of practice, the Regularity Framework and their engagement letter. It is the opinion of the Auditors that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2018.

Time was taken to consider and reflect upon the Statement of the Responsibilities of the Members of the Corporation. All present agreed that the corporation had executed its duties efficiently and effectively. Based on the discussions had around the Annual Report and the Financial Statements, members unanimously agreed that:

- The Corporation can be assured that the College has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for 'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'.
- The Corporation believes that it is able to identify any material irregular or improper use of its funds by the college, or non-compliance with the Education Funding Agency's terms and conditions of funding under the college's funding agreement.
- The Corporation is to consider that the College has adequate resources to continue in operational existence for the foreseeable future.

Resolved:

- **To record the Committee's thanks to Mr Shaw for the quality of his work, as endorsed by the External Auditors.**
- **To record the committee's thanks to the wider SLT and managers and staff across the College for their contributions to managing the finances of the college with such care.**
- **To recommend the Financial Statements and Members' Report for approval by the Corporation.**
- **To forward the Financial Statements and Members' Report to the ESFA following approval by the Corporation.**
- **That the Final Audit Findings Report be recommended for approval by the Corporation, subject to the agreed amendment.**
- **That the letter of representation be recommended for approval by the Corporation and signed by the Chair and the Principal.**

The members of the Finance & Resources Committee and Mr Hogg left the meeting at this point.

2. Apologies for Absence/ Declaration of Interest

Apologies had been received by Ms H Haigh, Mr G Wright. Mr N Uppal did not attend.

There were no declarations of interest.

3. Minutes from Meeting held on 25th September 2018

Resolved:

- **That these be accepted as a correct record.**

4. Matters arising

Board Assurance Framework :

Ms Pryce re-presented the BAF for consideration. Members were satisfied that the BAF had since been fully updated as resolved at the last committee meeting in September 2018; with inherent and residual scores now determined for each identified risk.

Resolved:

- **That the report be received.**

5. Risk Assurance review: Assurance Review: Poor business continuity planning and critical incident management

The Committee welcomed the opportunity to receive an assurance update on the college's business continuity and critical incident planning and management.

Members agreed that the breadth of information included had provided the necessary assurance that the existing controls in place are adequate and effective and in proportion to the individual risk being managed. It was also noted that there was a wealth of independent assurance sources cited within the report this confirming the college's commitment to best practice and regulatory compliance within this area.

Ms Pryce reminded members that the HNC IT Disaster Recovery Plan and IT Business Continuity Plan were the key associated framework policies and procedures for this specific risk and had been considered by the committee at its last meeting. The College's general Disaster Recovery and Critical Incident Plan had however been updated to reflect the recent staffing changes and was presented to governors this evening for information only.

Members welcomed the opportunity to review and comment on the disaster recovery and critical incident plan. All agreed that it was comprehensive and clear in outlining key responsibilities and procedures for implementation, debriefing and review. Members recognised that there were a number of supporting and overarching policies and procedures to support SEND students; however it was deemed useful for the plan to again be sense-checked to ensure that it recognised and supported all students with the full range of specific and specialist learning needs. This feedback was welcomed by the senior leadership team.

The Committee agreed that an overall green assurance level shall be assigned to this particular risk.

Resolved:

- **To assign Green Overall assurance to the risk**
- **For the Clerk to update the Master BAF.**

6. Recommendation tracking

Mr Nelson asked the Committee to note that this was a standing agenda item.

Mr Shaw subsequently confirmed that there have been no further Internal Audits undertaken since the Committee last met. As reported at the last meeting, all recommendations on the tracker have been completed but will remain on the tracker until the follow-up audit confirms this to be the case. The follow up audit will not be undertaken until May/June 2019.

Resolved:

- **That the report be received.**

7. Audit Committee annual report 2017-18

The Clerk presented to the committee the draft report for consideration.

The Clerk advised members that the report is a summary of all the activities of the Audit Committee for the financial year 2017-18 and covers all reports for that period.

Members agreed that the report confirms to the Corporation that the Committee's work has involved the consideration of detailed reports from the College's internal and external auditors, and has provided challenge, sought assurances and monitored progress. The focus of the report is therefore on the main conclusions and issues arising from key documents.

It was noted that additional assurance has been duly provided by the Internal Auditors annual report for it concludes that, in their unqualified opinion, a substantial level of assurance has been given in terms of the adequacy and effectiveness of the college's arrangements for governance, risk management and control. The External Auditors have also provided their unqualified audit opinions in terms of the Financial Statements and the Regularity Audit, the full compliance 'Corporate Governance and Internal Control Statements' and the 'Responsibilities of the Members of the Corporation Statement'. Furthermore, no recommendations were raised by them during their audit.

The committee asked for the audit report to make specific reference to members' attendance at the recent curriculum and cross college validation meetings. All agreed that engagement in this process had enabled governors to gain insight into the high level of rigour and challenge involved in the college's self-assessment procedures. It also enabled members to develop an enhanced understanding of college life which in turn helps inform quality assurances.

Resolved:

- **For the Audit Committee to forward their report, with agreed amendment, for receipt by the Corporation at its 11th December 2018 meeting, and to then be forwarded onto the ESFA.**

8. Any other Business.

There was no other business for the Committee to consider.

9. Internal and External Audit Services (Reserved item)

10. Learner Impact Reflection

The impact of discussions and scrutiny of the Committee work in improving the outcomes and experience for all learners was considered and the following agreed:

- **Assurance received that the college has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory**

responsibility for 'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'.

- Assurance received that the college has adequate resources to continue in operational existence for the foreseeable future
- Assurance received that the college remains compliant with regularity and propriety requirements as per the terms and conditions of funding
- Assurance received that the Audit Committee has fulfilled its statutory and delegated responsibilities.
- The College has strong governance and financial management as demonstrated by the clean External Audit Annual Report (no recommendations included)
- The Committee recognises that the Corporation has a responsibility to manage internal and external risks as a key component of good corporate governance and is committed to embedding risk management to help achieve the College's strategic objectives
- By reviewing the management of business continuity planning and critical incident management; the committee is assured that staff, students and resources are appropriately safeguarded against.

11. Determination of confidentiality

All supporting papers for the Board Assurance Framework are to be deemed confidential. The recommended financial statements and Members report is also to be determined as confidential until approved by the Corporation.

12. Date of next meeting: 26th March 2019 from 5pm