



**HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION
CORPORATION**

**Audit Committee held on Wednesday 9th December 2020 from 5.00pm
via Zoom.**

Confirmed Minutes

Present: Mr A Nelson, Mr N Uppal, Ms H Haigh, Mr K Webb, Mr G Wright, Mr A Leach (100% attendance)

In attendance: Ms Lisa Smith (RSM Tenon), Ms J Butterfield (Tiaa) Mr A Hogg (W&B), Ms C Dalrymple (W&B), Ms J Thomas and Mr J Flynn.

Clerk: Mrs C Coupland

It was noted that the first three agenda items were to be jointly considered with the Finance & Resources Committee. Time was therefore taken for introductions to be made.

1. External ESFA Funding Assurance Review – November 2020

Ms Smith, Senior Manager, RSM Risk Assurance Services LLP verbally presented feedback of the audit findings to the committee.

Ms Smith explained that the final report, quality assured by ESFA, is expected to be issued January 2021.

Ms Smith explained that the funding assurance review assesses the Individualised Learner Records (ILR) returns and associated funding for the funding year. Ms Smith advised the committee that it is the college's responsibility to ensure that ILR returns are complete, accurate, up-to-date and are consistent with the information contained in the individualised learner records/files. The Assurance Team have therefore had direct access to the learner records and files. Data checks undertaken are to ensure that the college complies with the terms and conditions associated with the funding that HNC receives.

Ms Smith advised the committee that no reporting issues were identified. Ms Smith explained that it is highly unusual for no funding errors to be identified and is testament to the high quality data management maintained by the college.

A number of small data quality issues were however identified; none of which impact on funding. It is not unusual for data quality recommendations to be made.

The committee would like to record its thanks to Ms Thomas and to her data management team for the outstanding audit report.

Resolved:

- **For the minutes to note the committee's thanks to Ms Thomas and to her data management team for the outstanding audit report.**
- **For the final report to be forwarded onto Governors for information.**

Ms Smith left the meeting at this point.

2. Final Audit Findings Report for the year ended 31st July 2020

Ms Dalrymple 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 2020.

Ms Dalrymple confirmed that Wylie & Bissett had acted as External Auditors for the College during the year ended 31st July, 2020. In advance of the audit, the Audit Strategy Memorandum was discussed and agreed by the Audit Committee in conjunction with an Engagement Letter at the meeting in September 2020.

Ms Dalrymple explained that remote auditing had made the audit process challenging this year for both parties. There was a delay in information provision in accordance with the agreed timetable mainly due to a new finance team working remotely from their appointment in March 2020 until September 2020 which caused issues with embedding skills and collaborating on tasks. A new finance system was also installed mid-year which caused difficulties.

Ms Dalrymple informed the committee that section 1.2 – outstanding matters – will be removed from the final version of the report which will be reissued post sign off of the members report and financial statements at the Corporation meeting on 17th December 2020.

Furthermore, Ms Dalrymple noted that the draft report presented states that the financial statements & regularity for the year ended 31 July 2020 is expected to be unqualified. Ms Dalrymple advised however that the final report will definitely confirm that it is an unqualified audit opinion for the financial statements as well as for the regularity assurance opinion.

Ms Dalrymple confirmed that the College's forecasts and financial projections indicate that the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Furthermore, W&B have undertaken an overall review of the governance arrangements and process of internal control in place at the College. Based on their findings, Ms Dalrymple, confirmed that the College has strong systems in place to comply with governance requirements.

Ms Dalrymple drew members' attention to the audit recommendations made. It was noted that there are two recommendations (one low and one medium priority) carried forward from 2018/2019, with five recommendations being satisfactorily concluded. There are also 3 other new recommendations (2 medium priority and one low priority) made in relation to the year ended 31 July 2020. All have been accepted by management for implementation, and going forward will feature in the committee's audit recommendation tracker for review and monitoring purposes.

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 with the points raised during the audit.

Resolved:

- **To record the Committee's thanks to all staff for the quality of his work, as endorsed by the External Auditors.**
- **That the Final Audit Findings Report be recommended for approval by the Corporation, subject to the agreed amendments.**

- **That the letter of representation be recommended for approval by the Corporation and signed by the Chair and the Principal.**

Mr Hogg and Ms Dalrymple left the meeting at this point.

3. Financial Statement and Members Report 31st July 2020

Mr Flynn explained that the financial statement and members report had already been considered by the senior leadership team and the external auditors prior to submitting to the committees' for recommendation of approval to the corporation. The deadline for corporations to submit their financial statements to ESFA is normally 31 December. However, for the year ending 31 July 2020 the deadline has been extended to 31 January 2021. The extension ESFA are offering is for the year ended 31 July 2020 only.

Mr Flynn advised that the members report supporting the accounts, give a description of some of the key highlights in the figures, with a summary of the College achievements in the year– the report follows set guidelines, but also allows for some degree of flexibility. Post deliberation, the committee asked for the phraseology relating to the first point raised under student achievements (page 5) to be reconsidered and redrafted.

It was also noted that the Financial Statements highlighted the unqualified audit opinions in terms of the Financial Statements and the Regularity Audit, the 'Corporate Governance and Internal Control Statement', and the 'Responsibilities of the Members of the Corporation Statement'. The Report makes clear that in the course of the External Auditors work, nothing has come to their attention which suggests that in all material respects the expenditure disbursed and income received, during the period 1 August 2019 to 31 July 2020, has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Time was also 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 recommend the Financial Statements and Members' Report for approval by the Corporation, subject to the minor amendment agreed.**
- **To forward the Financial Statements and Members' Report to the ESFA following approval by the Corporation.**

The members of the Finance & Resources Committee left at this point.

4. Apologies for Absence/ Declaration of Interest

No apologies were received from committee members. It was noted however that Ms Butterfield was in attendance at the meeting as a representative from Tiaa given that Mr McCulloch was unable to attend himself.

There were no declarations of interest.

5. Minutes from Meeting held on 22nd September 2020

Resolved:

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

6. Matters arising

Confidential Reporting Code

The Clerk reminded the committee that she was tasked with reviewing others' policies within the sector on who are listed as the 'go to contacts' when raising concerns that fall under the remit of the whistleblowing policy.

The Clerk explained that she had now undertaken a review of other colleges' published whistle blowing policy. From her enquiries the clerk has noted that most policies make specific reference to a limited group of staff only as to who is to be approached with concerns that fall under the remit of the whistleblowing policy. Staff listed within policies as 'go to contacts' is predominately limited to line managers and tutors extending to relevant heads of departments or service area lead should it be not appropriate for any reason. The clerk has therefore reflected this finding in her proposed amendments to the colleges policy.

It was noted that other college's also make reference to a named whistle blowing officer. The college does not have a named Whistleblowing Officer. However the committee, on recommendation from the Clerk, agreed to include specific reference to the College's Fraud Response Officer as per the Anti-Fraud, Bribery and corruption Policy. The Fraud Response Officer shall be immediately notified whenever any matter arises which involves, or is thought to involve irregularity, including fraud, corruption or any impropriety.

The committee also endorsed the recommendation to rename the policy to 'Whistleblowing policy and procedure'. This is simply to make clear in its purpose and accessible to all.

Resolved:

- **That the endorsed amendments be recommended for corporation approval.**

7. Audit Recommendation tracker

Ms Thomas confirmed that there have been no further Internal Audits undertaken since the Committee last met. Ms Thomas however provided a comprehensive overview of progress made on all other recommendations to date. The Committee welcomed the update and reported to be satisfied that all actions were to be undertaken by agreed timelines. The committee asked however for the tracker to make clear that to date, in response to the ongoing pandemic, curriculum learning walks have been undertaken with a view to commencing thematic deep dives as of February 2021.

Ms Thomas also advised the committee that the recommendations raised within the External Audit report will also feature on the audit recommendation tracker going forward.

Resolved:

- **That the report be received.**

8. Anti-Fraud, Bribery and Corruption Policy and response Plan – annual review

The Committee recalled that in November 2019, it approved the college's Anti-Fraud, bribery and Corruption Policy and Response Plan for immediate implementation. The policy and response plan is therefore subject to annual review by the committee.

The Clerk advised the committee that post review, small revisions were required to the policy and to the plan in order to reflect the revised (linked) policy descriptor for the Whistle blowing policy (as endorsed by the committee under agenda item 6) and update the correct role title assigned to the Fraud Response Officer.

The Committee noted at this point that it continues to receive the Cyber Security Breaches and Testing Report on a termly basis. The report provides comprehensive assurance to senior leadership team and Governors that the college is doing as much as it can to mitigate against these risks. And in particular are continuing to follow all business processes and procedures designed to protect the college from fraud, bribery and corruption, given the actual fraud during 2018/19.

Resolved:

- **To approve the proposed changes to the ABC Policy and the ABC Response Plan.**

9. Covid 19 risk assessment

Ms Thomas presented the college's COVID 19 risk assessment to the committee.

Members welcomed the opportunity to review the risk assessment addressing the risks associated with the College remaining open during the COVID-19 global pandemic. Ms Thomas explained that the risk assessment remains a live document and is constantly reviewed and changes as necessary. Discussions therefore concentrated on the updates to the risk assessment since it was last reviewed by the committee.

The committee agreed that the risk assessments highlights the robust mitigations and controls being undertaken by the college in order to ensure the safety of staff and students without compromising the learning experience; as demonstrated by the low level positive results amongst the college community. It was agreed appropriate however to explicitly state, within the risk assessment, the planned date for the next deep clean.

Ms Butterfield was also of the view that the risk assessment is very comprehensive and that all areas had been given due consideration with appropriate action recorded.

Ms Thomas also advised the committee that positive relations and open communications continue to be sustained with professional associations.

Members took this opportunity to again formally recognise the phenomenal action being taken by the senior leaders to ensure that the college is a Covid-19 secure environment.

Resolved:

- **That the report be received.**

10. Audit Committee annual report 2019-20

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 2019/20 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 assurance opinions in terms of the Financial Statements, the regularity audit, the full compliance 'Corporate Governance and Internal Control Statements' and the 'Responsibilities of the Members of the Corporation Statement'.

The Audit Committee concluded that based on its work during the year and the External Audit review, it is their opinion that the Corporation's responsibilities, included in the financial statements have been satisfactorily discharged.

Resolved:

- **For the Audit Committee to forward their report for receipt by the Corporation at its 17th December 2020 meeting, and to then be forwarded onto the ESFA.**

11. Any other Business.

Chair of the Audit Committee.

The Clerk advised the committee that Mr Nelson retires from the Corporation, after 8 years of service, on 31st July 2021. Expressions of interest, to take over as Chair of the Audit Committee, were therefore sought from members.

Members were asked to email the Clerk should they like to be considered for nomination or wish to receive additional information on the role responsibilities.

12. 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 that the Audit Committee has fulfilled its statutory and delegated responsibilities 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 that the college has compliance with laws and regulations**
- **The Audit Committee has fulfilled its statutory and delegated responsibilities.**
- **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**

- **The Whistle Blowing Policy provides a procedure whereby possible malpractice can be disclosed in confidence and without prejudice or retribution by any staff member, student or governor thus ensuring that HNC continues to be a positive place to work and study.**
- **Ensuring the safety and wellbeing of students, staff and other stakeholders.**

13. Determination of confidentiality

The recommended financial statements and Members report is to be determined as confidential until approved by the Corporation.

14. Date of next meeting: 16th March 2021 from 5pm