



## HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Audit Committee held on Monday 29<sup>th</sup> November 2021 from 5.00pm via Teams.

### Confirmed Minutes

- Present:** Mr N Uppal (Chair), Mr K Webb, Mr A Leach (75% attendance)
- In attendance:** Mr A Hogg (W&B), Ms C Dalrymple (W&B), Ms J Thomas and Mr J Flynn. (W&B representatives attended for agenda items 1 only)
- Clerk:** Mrs C Coupland

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

#### **1. Final Audit Findings Report for the year ended 31st July 2021**

Mr Hogg and Ms Dalrymple jointly 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 2021.

Mr Hogg and Ms Dalrymple confirmed that Wylie & Bisset had acted as External Auditors for the College during the year ended 31st July, 2021. 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 2021.

Ms Dalrymple explained that remote auditing had again taken place. It was confirmed that the work papers provided by the college for audit were of a good standard and increased the efficiency of the audit testing. The committee thanked Mr Flynn and his Team for their timely submissions to the audit process.

Mr Hogg 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 16<sup>th</sup> December 2021. This is not unusual practice or specific action taken against the college but rather a sector wide approach necessitated to ensure completeness of the audit testing.

Furthermore, Mr Hogg stated that Wylie & Bisset anticipate to issue an unmodified audit opinion subject to authorisation of the financial statements by the members of the corporation and clearance of the outstanding matters.

Mr Hogg 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. Based on the work performed, Wylie & Bisset have also not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue as a going concern. 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, it was confirmed that the College has strong systems in place to comply with governance requirements.

It was noted by the committee that no issues were found with regards to the identified audit risks – revenue recognition, override of internal controls, pension funding and accounting, financial viability regularity and Impact of Covid 19 – resulting in an unmodified audit opinion. Mr Hogg however drew members’ attention to the audit recommendations made. There was one recommendation (since downgraded to low priority) carried forward from 2019/20, with four recommendations being satisfactorily concluded. There is also one new low level recommendation made in relation to the year ended 31 July 2021 regarding use of cheques. The committee was advised that the recommendation had been accepted by management, however immediate action had been taken, with the financial regulations updated to reflect that the college was to no longer use cheques. Ms Williams explained that only a small number of cheques had been issued by the college, which were handed out as gifts to staff to mark long standing service. The auditors confirmed this to be the case hence the low priority status. The committee asked for the audit recommendation to better reflect the low level use of cheques that the recommendation refers to.

Benchmarking data was also included within the audit findings report, the committee were satisfied that the college performed well against other similar organisations in the sector having only attracted 2 low priority recommendations. The benchmark data available indicated that other organisations had attracted low and medium priority recommendations.

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.

Time was taken to consider the letters of representation and regularity – Mr Hogg explained that the contents of the letters had been updated to reflect the industry changes required by the Regulator. The committee was satisfied with the auditors explanation and therefore ask the Chair of the Corporation and the Principal to sign the letters at the Corporation meeting to be held on 16<sup>th</sup> December 2021.

**Resolved:**

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

## **2. Financial Statement and Members Report 31st July 2021**

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 is to submit their financial statements to ESFA by 31 December 2021.

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 identified a small number of data discrepancies requiring amendments by Mr Flynn in advance of being signed off by the Corporation. Furthermore, time was spent considering whether there should be a specific section within the report relating to Covid 19. The clerk confirmed that the college account directive for 2020/21 did not stipulate that there’s to be specific section dedicated to Covid 19 – unlike

last year with reference to Covid being documented throughout the report as necessary, which satisfies the reporting requirements. The committee was in agreement with the report contents but asked for the senior leaders to give consideration to inserting a specific section to better capture the colleges amazing response to date in spending little to achieve so much for staff and students especially in continuing to provide a safe and healthy learning environment for all.

Furthermore, time was spent considering whether the section related to Corporate Social Responsibility should be refocused on Environmental, Social, and Governance (ESG) and how HNC is measuring its ethical impact and sustainability. The committee was advised that the college was not aware of any required industry specific standards for the education sector but SLT has remained mindful of the impact on the environment with regards to the design and build requirement of the current expansion project. Ms Williams agreed for SLT to revisit this section and would amend as necessary in advance of submitting it for final approval by the Corporation at its meeting on 16<sup>th</sup> December 2021. Ms Williams asked however for Governors to provide the Clerk with examples of their industry specific measures to better inform the colleges approach going forward towards ESG.

It was noted that the Financial Statements highlighted the unmodified 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'. 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 amendments agreed.**
- **To forward the Financial Statements and Members' Report to the ESFA following approval by the Corporation.**

*Members of the F&R Committee meeting and Mr Smith-Connor left the meeting at this point.*

**3. Apologies for Absence/ Declaration of Interest**

Apologies were received from Ms H Haigh. It was noted that Mr McCulloch was also unable to attend.

There were no declarations of interest.

**4. Minutes from Meeting held on 28<sup>th</sup> September 2021**

**Resolved:**

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

**5. Matters arising**

*Recommendation tracking:*

The committee noted that the audit recommendation tracker (agenda item 6) has been revised to better track operational reviews in lead up to implementation dates for all accepted external audit reviews, similar to current practice for internal audit recommendations

*Internal Audit Strategy for 2020-21:*

The Clerk confirmed that the final version of the Internal Audit plan has now been received and is to be shared with all Governors.

*Teacher Pension Scheme audit year ended 1st March 2021:*

The committee was reminded that a copy of the signed certificate was received by the college on 29th September and was circulated to all members. Confirmation was also received by the College that it had been submitted by the deadline.

*External and Internal Audit Tender for August 2022*

The Clerk confirmed that the minor changes agreed at the last meeting have since been made and the audit documentation will therefore be distributed in line with the agreed timeframe. Mr Leach volunteered to join Mr Uppal and Ms Haigh with the recommendation of appointments.

## **6. Audit Recommendation tracker**

Ms Thomas provided a comprehensive overview of progress made on all recommendations to date. The Committee welcomed the update and reported to be satisfied that all actions were to be undertaken by agreed timelines. It was noted that all completed recommendations will remain on the tracker until confirmed as completed by the Internal Auditors' follow up review. There are no other items from TPS or other audits to follow up.

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

**Resolved:**

- **That the report be received.**

## **7. COVID 19 Risk Assessment**

Members welcomed the opportunity to further review the risk assessment addressing the risks associated with the College remaining open during the COVID-19 global pandemic.

Ms Thomas explained that as the risk assessment remains a live document, it is constantly being reviewed and changed as necessary. Members noted that they had all had sight of the updated risk assessment, circulated this morning by the Clerk via email, in response to the Governments revised guidance issued over the weekend regarding the new rules relating to the Omicron variant. Ms Thomas also confirmed that she had had contact from the Kirklees Environmental Health Department this morning, who were also satisfied with the colleges prompt response to the Government's recent notices.

Discussions therefore concentrated on the updates to the risk assessment, the Audit committee remained satisfied with the comprehensive measures the college continues to have in place to continue to manage coronavirus and to be responsive to changes in government guidance and expectations.

The committee agreed that the risk assessments continues to highlight 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.

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.**

**8. Anti-Fraud, Bribery and Corruption (ABC) 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, the only amendment required is to update the date of the policy and plan.

The clerk also confirmed that the ABC Policy and Plan had been reviewed by the External Auditors to inform their audit findings in relation to internal controls. The Policy and Plan was also considered by the Internal Auditors as part of their recent assurance review into the college's governance structures and processes which was awarded substantial assurance with no recommendations or operational effectiveness matters identified (the internal audit was undertaken November 2021 – the final report is to be presented at the next committee meeting). This therefore serves as additional assurance to the senior leadership team and to all Governors that the college and corporation continues to do 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.

**Resolved:**

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

**9. Audit Committee annual report 2020/21**

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 2020/21 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 unmodified 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. The Audit committee however asked for the report to make specific reference to:

- the outcome of the recent internal audit assurance review on Governance structures and processes
- the Audit Committee having had immediate sight of the updated Covid 19 risk assessment as at 29.11.21
- the benchmarking data included within the external auditors findings report as presented this evening.

**Resolved:**

- **For the Audit Committee to forward their report for receipt by the Corporation at its 16th December 2021 meeting, subject to the agreed amendments, and to then be forwarded onto the ESFA.**

**10. Any other Business.**

There was no other business to be considered.

**11. 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**
- **Ensuring the safety and wellbeing of students, staff and other stakeholders.**

**12. Determination of confidentiality**

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

**13. Date of next meeting: 15<sup>th</sup> March 2022**