

The Henley College Corporation

MINUTES of the Meeting of the Audit Committee held on Monday 29 October 2018 at 09.30

<p>Members Present: Stephen Forward Mohammed Khaliel David Welch Jeni Wood Tony Sanderson</p> <p>In attendance: Satwant Deol Eva Dixon Ashok Patel James McCaffney Katherine Patel</p> <p>Jacky Gearey</p>	<p>Independent Member/Chair Independent Member Independent Member Independent Member Co-opted</p> <p>Principal Incumbent interim Director of Finance (DoF) Incoming Director of Finance Health & Safety Manager and Estates Buzzaott LLP</p> <p>Clerk</p>	
Agenda Item	Minutes	Action by
2.1	<p>Opening of meeting The meeting opened at 09.31 The Chair welcomed everyone and introduced the committee to Ashok Patel the incoming new interim Director of Finance. The Chair asked for a vote of thanks to be recorded to Eva Dixon for her sterling work whilst at the College and wished her well in her new job.</p>	
2.2	<p>Apologies for Absence There were no apologies.</p>	
2.3	<p>Election of Chair The Chair asked for a nomination as Chair. As he was leaving the Board shortly in December he was unable to submit his own name. David Welch was unanimously approved as the new Chair of Audit however the present Chair agreed to take this his final meeting, compile the minutes, prepare the final version of the Audit Committee Annual Report and present the latter to the Corporation at its next meeting as his final act as Chair.</p> <p>Resolved: David Welch was unanimously approved as the new Chair of Audit</p>	
2.4	<p>Declaration of Interests There were no declarations of interest.</p>	
2.5	<p>Minutes of Previous Meeting The minutes of the meeting 19 September 2018 were approved.</p> <p>Resolved: The Committee agreed that the Minutes were an accurate record of the meeting of 19 September 2018 and were signed by the Chair.</p>	

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	<p>satisfactory without a policy in place and Buzzacott confirmed that they were but in future one would have to be included due to forthcoming changes to the Insolvency Act 1986. The committee recommended that a sentence be added to the report, to say that the governing body will be looking at this for 2018-2019. It was decided that the issue of developing a Reserves Policy should be brought to the Corporation's attention to be discussed at their forthcoming Away Day on 6 December 2018.</p> <p>Page 15 - time spent on paid trade union activities was clarified as 5% of total time of the people involved.</p> <p>Page 16 – Going concern – Buzzacott confirmed that the College's set of accounts were technically satisfactory showing a going concern using the measures that it had to apply; however, they also noted the deteriorating financial position in recent years and recommended that this assessment had to be closely monitored by the governing body due to the current direction of travel of the finances.</p> <p>Page 19 – both Tony Sanderson and Charles Wiggan are co-opted members and therefore not members of the Corporation Board – names to be removed.</p> <p>Page 43 – the Chair queried the inclusion of a member of staff in one of the reported pay bands and the auditors clarified this. The staff member appeared in this pay band as a result of their having been employed on a consultancy basis during the period of the report.</p> <p>Finally the committee asked for the Performance Actual Income figures to be added as headlines in the report.</p> <p>(ii) Letter of Representation – this was a standard document as presented, and was to go to the Corporation for signature.</p> <p>(iii) Post Audit Management Report – this provides assurance regarding the accuracy of the Report and Financial Statements as a result of the Financial Statements Audit and the Regularity Audit.</p> <p>The committee noted that the Post Audit Management Report from Buzzacott provides an unqualified opinion on the accuracy of the Report and Financial Statements and also makes recommendations to improve the control of the financial aspect of the College's activities. Buzzacott said the audit went well.</p> <p>Subject to the satisfactory receipt of the outstanding items and confirmations noted below, Buzzacott intends to issue the following opinions:</p> <p>Financial statements opinion: these give a true and fair view of the College's deficit for the year, and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.</p> <p>Regularity assurance conclusion: Buzzacott confirmed that nothing had come to their attention which suggests that in all material aspects the expenditure disbursed and income received during the year ended 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.</p>	
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	<p>Outstanding items</p> <p>As at 19 October 2018, Buzzacott confirmed that their work was complete with the exception of the following matters listed below and once received they can finalise the audit:</p> <ul style="list-style-type: none"> (i) Supporting schedules to confirm FTE numbers in hand – DoF to provide (ii) Final review of budgets v actuals prior to be signed off for the October management accounts. (iii) Signed regularity and fraud questionnaire are required (iv) Final ESFA funding reconciliation confirming income due to the College from the ESFA for the year ended 31 July 2018. The statement is expected to be issued in late November with any clawback of funds expected to be taken in December. (v) Receipt of the letter of representation for the College. This asks the Members of the Corporation to confirm to us general and specific matters relating to the financial statements in line with International Standards on Auditing; and (vi) Confirmation immediately prior to the financial statements being signed that no significant events have taken place since the time of the audit that would impact on the financial statements. <p>Reserves adjusted for local government £1.1m due to pensions deficit. Based on the audited financial statements, the total reserves of the College have increased by £101,000 (2017 – decrease of £1,546,000) during the year, providing net assets of £8,762,000 at the balance sheet date (2017 – £8,661,000). Excluding movements on the defined benefit pension liability, and other non-recurring items, the "operational" deficit for the year was £1,120,000 (2017 – £1,584,000). Other work undertaken as part of the 2017/18 audit cycle included the Teachers' Pension End of Year Certificate (EOYC) assurance. The following audit observations were made concerning:</p> <ol style="list-style-type: none"> 1. Category A - stringent financial forecasting and reporting - the DoF confirmed that more training had been provided for budget holders and that procurement was full embedded. The Chair asked if the College had made the appropriate response and Buzzacott confirmed this. The committee asked Buzzacott to reword the stringent monitoring of budgets under Appendix 2. A. as per the agreed discussion. Buzzacott agreed to do this. 2. Category B - Resource accounting software – improvements were required and the software needs to be upgraded. The Chair noted that this had been a topic in previous Post Audit reports and asked for confidence that this will be sorted for 2018-2019. The outgoing DoF said that it would be completed at the end of the financial year 2018-2019. 3. Category B - tender processes- the need for tender responses to be centralised should not be an issue with the new procurement officer now in place. <p>Both the Chair and Principal thanked Katherine Patel (KP) for completing this audit so promptly so that it could be reported before the outgoing DoF departed. He also thanked her for the time spent working with the College over the past years.</p> <p>KP left the meeting at 10.35</p> <p>Resolved that:</p> <p>(vii) The Draft Report and Financial Statements 2017/18 were received by the committee</p>	
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	<p>(viii) The Letter of Representation was received by the committee and that it be recommended to the Corporation for approval</p> <p>(ix) Post Audit Management Report was received by the committee and that it be recommended to the Corporation for approval subject to the amendments above.</p>	
2.8	<p>Risk Management</p> <p>1. Review SLT Risk Management Group (RMG) minutes (notes) – 4 June 2018. The Chair verbally briefed the committee on the latest RMG meeting held 15 October 2018 as the notes had not yet been published. The following risks were highlighted:</p> <ul style="list-style-type: none"> (i) Security – remains amber for SLT because of the open campus – committee asked about what type of risk and if this was concerned with external visitors and the HS manager said it was not necessarily this. (ii) Prevent compliance – remains amber as an ongoing topical risk (iii) Income expenditure – remains red as the College's highest risk (iii) Social media – remains amber – Principal confirmed that the marketing department monitored this and were proactively acting to counter any negative press/comments. (iv) Health and Safety – remains green with good processes in place (v) College reputation – remains amber because of the potential for isolated incidents impacting the College's reputation (vi) Ofsted – raised to amber because the College becomes vulnerable for inspection again from January 2019 and it had been noted that the College's ALPS performance had slipped to '5' in some topics which had led to the Deputy Principal initiating a review of Teaching and Learning in those areas. Further analysis was ongoing and an action plan was to be developed by the Deputy Principal by mid-Dec 18. (vii) Union activity – raised to amber in anticipation of potential activity due to ongoing pay restraints likely to be required by the College due to funding constraints (viii) Student recruitment – remains red due to poor recruiting as a result of a demographic dip in student population at age 16-19. (ix) Apprenticeship – remains red due to apprenticeship levy and performance problems leading to a reduced offering by the College (x) Disaster Plan – remains amber but the College had developed a suitable plan which had yet to be tested. Once tested satisfactorily it was anticipated that this item would be lowered to green (xi) IT – remains amber due to the lack of an IT strategy and the recent departure of the Head of IT. The Committee discussed the issue of IT and whether a proper audit of what was required had been completed. The DoF said that this had not yet been done and the committee agreed that a clear IT strategy needs to be completed first so that a plan for IT development could then be developed. <p>2. Risk Management Annual Report for closing year – the committee asked for this to be added as an annex to the Audit Committee Annual Report.</p> <p>3. Review Risk Management Policy – there were no amendments. The Chair asked that the performance of the Audit Committee in overseeing College risks be put into the Audit SAR for next year, and also for the Corporation performance review.</p>	

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	<p>Having discussed the risk management annual report, the Chair asked how the College was embedding risk management within the College. The Principal said that the College is trying to assess genuine risks requiring feedback and focus on performance based activity on risk management, and that every departmental meeting had risk management as an item on their agendas.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) The RMG notes for 4 June 18 and the verbal report from the Chair on the RMG meeting 15 October 2018 were received by the committee (ii) the Risk Management Annual Report for closing year was received by the committee and that it be added as an Annex to the Audit Committee Annual Report recommended to the Corporation for approval (iii) the Risk Management Policy was received by the committee and that it be recommended to the Corporation for approval 	
2.10	<p>Health & Safety Annual Report</p> <ul style="list-style-type: none"> (i) Health & Safety and Security Annual Report <p>The report summarised the work of the Health & Safety Group over the past academic year and that it was decided that this be added as an annex to the Audit Committee Annual Report. The Chair confirmed that David Welch was the specialist governor sitting on the Health and Safety management Group.</p> <p>Resolved: that the Health & Safety and Security Annual Report was received by the committee and that it be added as an Annex to Audit Annual Committee report to be recommended to the Corporation for approval.</p> <ul style="list-style-type: none"> (ii) Health and Safety Audit including security update <p>Resolved: that the Health & Safety and Security Audit update was received by the committee</p> <ul style="list-style-type: none"> (iii) Review Health & Safety Policy - there were no amendments. <p>Resolved: that the Health & Safety Policy was reviewed by the committee and that the Health & Safety Policy be recommended to the Corporation for approval and the Health & Safety Policy Statement be signed by the Chair of Corporation</p>	
2.11	<p>Annual Report of the Audit Committee</p> <p>The report summarises the work of the Audit Committee during the last academic year, in ensuring that than adequate programme of assurance is in place at the College with respect to financial controls and reporting. The Chair had reviewed the report, which covered 1 August 2017 – 31 July 2018 but apologised for the late submission as he had been away. Any additional comments for this report were to be sent to the Clerk by the 2 November 2018 so that the report could be amended. The committee agreed to do this and also asked for a vote of thanks to be included in the report to the College's staff for their support.</p> <p>A copy of the final approved version of this report would be forwarded to the Education & Skills Funding Agency.</p>	

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	<p>Resolved:</p> <p>(i) that the Provisional Annual Report of the Audit Committee for 2017-2018 was received by the committee</p> <p>(ii) any additional comments to be sent to the Clerk by 2 November 2018 at the latest including and a reference to the staff for their support to be included.</p> <p>(iv) that subject to the amendments/comments received under (ii) that it be recommended to the Corporation for approval</p>	Committee / Chair
2.12	<p>Annual Assessment of Fraud</p> <p>The report identifies those areas of the College's activities at risk of fraud and lists the controls and risk levels for each area. The report was presented to the committee for information and there were no issues.</p> <p>Resolved: that the report on the Annual Assessment of Fraud was received by the committee</p>	
2.13	<p>Approval of:</p> <p>(i) Fraud Policy</p> <p>The committee asked for the wording to be amended under 2.3 Initial Enquiry on Page 6 regarding the initial enquiry namely that the report should be in line with the funding agreement requirements. DoF to amend this.</p> <p>(ii) Subcontracting Fees and Charges Policy</p> <p>The policy is a mandatory requirement that must be in place prior to participating in any subcontracting activity from 1st August 2013. The Subcontracting Fees and Charges Policy was reviewed and approved by the committee before it is sent to the Finance & Resources committee. The only amendment is the addition of a signature block at the end of the document.</p> <p>DoF confirmed that this is the first year that there will be no new subcontractors.</p> <p>Resolved that:</p> <p>(iii) the Fraud Policy was received by the committee and that it be recommended to the Corporation for approval subject to the amendment above.</p> <p>(iv) the Subcontracting Fees and Charges Policy was received by the committee and that it be recommended to the Corporation for approval</p>	
2.14	<p>GDPR update</p> <p>The DoF presented an overview of the GDPR compliance project plan for 2018-2019 compiled by 9ine Consulting. The Chair asked if the privacy notice had been completed and the DoF confirmed that this had been issued. The Chair also noted that the plan showed that the critical path for completion of the GDPR project by February 2019 hinged on IT project planning. This IT project planning had been due to start in September but had yet to be started and so it was highly likely that the GDPR project would itself be delayed as a result. The DoF observed that the Head of IT had recently departed and until a replacement was found the IT project plan could not commence.</p> <p>The following GDPR associated policies were presented to the committee, the committee was asked to review and approve them.</p>	

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	<ul style="list-style-type: none"> (i) Data Retention Policy (ii) GDPR Policy (iii) Personal Data Notification Breach (iv) Rights of Individuals Policy <p>Resolved that:</p> <ul style="list-style-type: none"> (i) The GDPR Compliance Project Plan 2018-2019 was received by the committee (ii) That the following policies had been reviewed and were recommend to the Corporation for approval: <ul style="list-style-type: none"> (a) Data Retention Policy (b) GDPR Policy (c) Personal Data Notification Breach (d) Rights of Individuals Policy 	
2.15	<p>Any Other Business There was no other business.</p>	
2.16	<p>Items to be taken forward to next Corporation Meeting:</p> <ol style="list-style-type: none"> 1. Post Audit Management Letter for approval 2. Letter of Representation for approval and signature 3. Health and Safety Policy and Statement for approval and signature 4. Audit Committee Annual Report 2017-2018 for approval to include Annual Risk Management Group Report and Health and Safety Annual Report 5. Fraud Policy subject to the amendments agreed 6. Subcontracting Fees and Charges Policy 7. Data Retention Policy 8. GDPR Policy 9. Personal Data Notification Breach 10. Rights of Individuals Policy 	Clerk
2.17	<p>Date and Time of Next Meeting</p> <ul style="list-style-type: none"> (i) Scheduled meeting is on Wednesday 13 March 2019 at 10.00 	
	<p>Meeting Closure The committee asked for a vote of thanks to be recorded to the outgoing Chair for his diligence and hard work over the years initially as a member of and then Chair of this committee. The meeting closed at 12.00</p>	
	<p>MINUTES of the meeting held on Monday 29 October 2018 were agreed and accepted as a true and accurate record and signed by the Chair</p> <p>..... on</p>	