

## The Henley College Corporation

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### MINUTES of the Meeting of the Audit Committee held on Monday 4 November 2019 at 10.00

<p><b>Members Present:</b> David Welch Brian Fennelly Mohammed Khaliel Dr Tim Lincoln Tony Sanderson</p> <p><b>In attendance:</b> Satwant Deol Ashok Patel James McCaffney Dakshita Takodra Shachi Blakemore Jacky Gearey</p>	<p>Independent Member/Chair Independent Member Independent Member Independent Member Co-opted</p> <p>Principal Director of Finance (DoF) Health &amp; Safety Manager and Estates (HoS) TIAA Ltd Buzzacott LLP Clerk</p>
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Agenda Item	Minutes	Action by
1.1	<p><b>Opening of meeting</b> The meeting opened at 10.03. The Chair wanted to briefly reiterate the four principles of the Audit committee namely: regulatory compliance, to remain strategic and not stray into operational areas, to not try to do the work of the other committees and finally not to place additional work on the management with ad hoc reports. The committee did say that this did not understate the committee's rationale for process efficiencies.</p>	
1.2	<p><b>Apologies for Absence</b> Mohammed Khaliel – out of country Jeni Wood – recovering from operation</p>	
1.3	<p><b>Election of Chair</b> The committee unanimously elected David Welch as Chair of the committee</p> <p><b>Resolved that: the committee unanimously elected David Welch as the Chair of the committee</b></p>	
1.4	<p><b>Declaration of Interests</b> There were no declarations of interest.</p>	
1.5	<p><b>Minutes of Previous Meeting</b> The minutes of the meeting 10 June 2019 were approved as an accurate record of the meeting and signed by the Chair.</p> <p><b>Resolved that: the Committee agreed that the Minutes were an accurate record of the meeting of 10 June 2019 and were signed by the Chair.</b></p>	
1.6	<p><b>Matters Arising from Previous Meetings</b> Item 4.5 – It was decided that an annual GDPR report would cover this in future with audit committee members talking to the relevant people concerned. Item 4.9 – there was a question raised about the RAG rating on the new risk register but the committee felt that as long as a score of 9 (major and probable) is reviewed with the rest – 9 would remain amber and not be red.</p> <p>There were no further matters arising.</p>	

## The Henley College Corporation

1.7	<p><b>Financial Statement Auditors – Buzzacott LLP</b></p> <p>Shachi Blakemore from Buzzacott went through the Draft Report and Financial Statements 2018/19 saying that the format of the accounts followed the Education &amp; Skills Funding Agency (ESFA) guidelines and that the Financial Statements were complete post end review. Subject to some commentary changes on the Financial Statements, the ESFA will issue a final reconciliation end of November. The following points were highlighted:</p> <p>(i) Report and Financial Statements 2018/19. Page 7 - loss shown on statements relates to pension arrangements – after adjustments associated to the local government pension scheme but if these items were excluded, the College delivered an operating surplus. KPIs post the College as outstanding. The committee said congratulations to the DoF. All recommendations were cleared from last year therefore a good audit. Page 13 – highlighted the improved financial health grading. The College has posted a very good result benchmarked against many other Colleges. The Chair said that diversity of income was something to be looked at. Committee said that this had been an issue for some time but DoF said that this was going to be addressed at the Finance &amp; Resources committee meeting next week and that a business paper was going to be discussed.</p> <p>The committee commented overall on the results, which were better than estimated and DoF confirmed that money had been recovered from high needs wherein there is a time lag and the money due is picked up in the second half of the year, more importantly the College had not been claiming for everything that was needed. As a word of caution, the DoF said that there was ESFA protected finance, however even taking this into account the underlying position College is confirmed as outstanding.</p> <p>(ii) Letter of Representation - this was a standard document as presented, and was to go to the Corporation for signature. Item 13 – unadjusted misstatements – the committee asked for clarification on this and Ms Blakemore said this referred to the comment on Page 19 “ the above items if they were to be adjusted would have no impact on the overall reserve balances of the college”. In anticipation of this committee meeting, Buzzacott had agreed there was only one misstatement with the explanation of why this has not been adjusted. The committee approved the Letter of Representation for signature by the chair at the next Corporation meeting.</p> <p>(iii) Post Audit Management Report 2018/19 (including Regularity Audit) - this provides assurance regarding the accuracy of the Report and Financial Statements from the Financial Statements Audit and the Regularity Audit. Page 6 – total reserves decreased due to pension liability, which was significantly high but this was a trend seen throughout the sector, in addition, the discount rate has gone down. Ms Blakemore assured the committee that there was no control over this and the Local Government Pension Scheme – the audit committee expressed the opinion that at a future meeting, a presentation on this would be beneficial. Ms Blakemore further confirmed that this a tri annual valuation which determines the contribution. The valuation in the report is at year-end and based on market data. Page 8 – Apprenticeships income was poor due to conscious decision to stabilise the provision and committee said that this would be monitored. Page 18 – adjustments have increased the College's overall reserve balances by £17,000 and are not material. Page 23 – specific reference was made to regularity due to the investigation at Bourneville College– later to be discussed under item 1.16. therefore it was essential that the committee continued to challenge the SLT.</p>	
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## The Henley College Corporation

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	<p>Ms Blakemore left meeting at 10.40.</p> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li><b>(i) The Draft Report and Financial Statements 2018/19 were received by the committee</b></li> <li><b>(ii) The Letter of Representation was received by the committee and that it be recommended to the Corporation for approval and signature by the Chair</b></li> <li><b>(iii) Post Audit Management Report 2018/2019 was received by the committee and that it be recommended to the Corporation for approval</b></li> </ul>	
1.8	<p><b>Internal Audit Report</b></p> <p>(i) <b>Compliance Review of Learner Number Systems</b> – carried out in June 2019. The conclusion was that overall the comprehensive systems and controls appeared to be in place to ensure the accuracy of student data. However, some areas were identified where controls in place could be strengthened. For withdrawals and transfers, the 'Student withdrawal from course/subject' form needed to be fully completed in all cases and signed off by the relevant senior tutor and MIS staff who inputted the information onto the MIS system. For apprenticeships, all individual learning plans and the required agreements between students, employers and the College needed to be put in place for all apprentices and the documents also needed to be signed off by all the relevant parties. The committee raised the question on the progress on the new register system – Principal said that it was now at level two albeit that the committee were not convinced of this and that it should be level one considering the past history of MIS. Both the Principal and DoF confirmed that this new centralised system was much better and that Ofsted had used this in their inspection. The committee asked about the implementation date and the DoF said that it would take time to embed a new system and process which is why the time was specified in the report. TIAA said that the level of non-compliance was not alarming although important and action was being taken to make the system better.</p> <p>The committee made the following comments:</p> <p>Page 4, 5 and 6 covered apprenticeships – ambiguity raised about the timetable and the word immediate – how quickly can the gap can be closed and also how quickly to change the culture – this would seem to be at odds with requiring instantaneous compliance. The DoF said that not all the staff recognised the importance of compliance and in some instances did not want to and said that the College has further work to do on this and would be looking at this more in more depth.</p> <p>There followed discussion about the risk assessment levels of assurance and the RAG ratings for clarification.</p> <p><b>(ii) Confirm priorities/sequence for Audit Plan</b></p> <p>The last audit committee asked for the following subject areas to be the basis for the plan for 2019-2020, which has been cross referenced with the risk register.</p> <p><b>Governance</b> - this is fundamental to the success of any organisation and an area that has not been subject to internal audit review during the previous three years. The review will consider the arrangements for providing assurance to the Board and senior management through the use of Key Performance Indicators and the systems that are used to track and manage the attainment of these targets.</p> <p><b>HR Management</b> - key risks areas identified around failure to retain key staff; failure to recruit appropriately qualified staff; reliance on key, temporary or interim staffing, high or un-manageable levels of absences.</p> <p>The review will consider the arrangements for: recruitment, inductions; maintaining staff handbook; maintaining job descriptions and person specifications; appraisals;</p>	

## The Henley College Corporation

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	<p>disciplinaries; sickness and leave monitoring; and exit meetings. Areas of focus to be agreed.</p> <p><b>ICT / Data Assurance/GDPR</b> – the Chair asked for the data assurance to be at the appropriate level as this was seen as a significant risk. The review to consider the arrangements for the approval process for permitting electronic data to be passed to third parties, the data security arrangements and the transit arrangements designed to minimise unauthorised access to the data whilst it is in transit and the monitoring arrangements. The committee asked that the use of the Data Protection Officer be included in this review. The review would not include consideration of the IT network and application security arrangements or the need to transfer the specific data to specific third parties.</p> <p>Ms Takodra said that the follow-up on the previous audits would provide evidence of the traction and benchmarking to provide further assurances. The committee wanted to highlight that there had been no financial audits and that going forward there should be one for the year 2020 – 2021, however the committee did want it noted that the College had now achieved its current outstanding rating, which endorsed the confidence the committee had in the current DoF and his team.</p> <p>It was agreed that in future, progress against action points recommended in internal audit reports would be reviewed formally by the Audit Committee.</p> <p>There were no further questions.</p> <p>Ms Takodra left the meeting at 11.28</p> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li><b>(i) The Compliance Review of Learner Number Systems was received by the committee</b></li> <li><b>(ii) The internal audit plan for 2019-2020 was received and approved.</b></li> </ul>	
1.9	<p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>(i) <b>SLT Risk Management Group minutes</b> - as this meeting has to be cancelled at short notice and rescheduled for a later date due to the imminent Ofsted inspection, minutes from this meeting could not be provided which also meant that the SLT risk register had not been updated from the one presented at the meeting 10 June 2019.</li> <li>(ii) <b>Risk Management Annual Report</b> - for closing year highlighted the issues prevailing at the time. Chair said that staff morale is a risk that needs to be addressed in addition to apprenticeships which should be a risk management heading.</li> <li>(iii) <b>Risk Management Policy</b> – the committee asked for clause 14 to be removed as not required and for the inclusion of an additional clause now numbered 14 regarding the policy review cycle to be every three years unless legislative or other changes required a review.</li> <li>(iv) <b>SLT Strategic Risk Register</b> – the committee discussed the merits of either reflecting or aligning any risks from the SLT risk register in the Governors' strategic risk register or vice versa but decided that there was not sufficient benefit in doing this. The Governors' strategic risk register to be amended to: <ul style="list-style-type: none"> <li>(a) remove estates; and</li> <li>(b) add the quality provision and apprenticeships</li> </ul> <p>A formal review of the governors' strategic risk register to be done at the next meeting Corporation meeting. The Clerk to put this on the agenda.</p> </li> </ul> <p>Brian Fennelly left the meeting at 12.05</p>	<p><b>Clerk</b></p> <p><b>Chair of Audit</b></p> <p><b>Clerk</b></p>

## The Henley College Corporation

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	<p><b>Resolved that:</b></p> <p>(i) <b>Risk Management Annual Report for closing year was received by the committee</b></p> <p>(ii) <b>The Risk Management Policy was approved by the committee subject to amendments above and to be put forward to the Corporation for approval.</b></p> <p>(iii) <b>The Governors' Strategic Risk Register to be amended to:</b></p> <p style="padding-left: 20px;">(a) <b>remove estates; and</b></p> <p style="padding-left: 20px;">(b) <b>add the quality provision and apprenticeships</b></p> <p>(iv) <b>A formal review of Governors' Strategic Risk Register to be undertaken at the next Corporation meeting and the clerk to put this on the Corporation agenda.</b></p>	<p>Clerk</p> <p>Chair of Audit</p> <p>Clerk</p>
1.10	<p><b>Health &amp; Safety Report</b></p> <p>(i) Health &amp; Safety Annual Report - The report summarised the work of the Health &amp; Safety Group over the past academic year. Only one RIDOR incident had been recorded.</p> <p>(ii) Health and Safety Audit including security update - there had been no issues to note.</p> <p>(iii) Review &amp; Approval of Health &amp; Safety Policy - there were no amendments.</p> <p>In response to the committee members' question on lockdown procedures and student anti bullying initiatives, the HoS said that polices had been written and were in place.</p> <p><b>Resolved that:</b></p> <p>(i) <b>the Health &amp; Safety and Security Annual Report was received by the committee to be recommended to the Corporation for approval.</b></p> <p>(ii) <b>the Health &amp; Safety and Security Audit update was received by the committee</b></p> <p>(iii) <b>the Health &amp; Safety Policy was reviewed by the committee and that the Health &amp; Safety Policy be recommended to the Corporation for approval and the Health &amp; Safety Policy Statement be signed by the Chair of Corporation</b></p>	
1.11	<p><b>Annual Report of the Audit Committee</b></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 2018 – 31 July 2019 and the committee approved the report as presented.</p> <p><b>Resolved that:</b></p> <p>(i) <b>Annual Report of the Audit Committee was received by the committee</b></p> <p>(ii) <b>Annual Report of the Audit Committee to be recommended to the Corporation for approval</b></p>	
1.12	<p><b>Annual Assessment of Fraud</b></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><b>Resolved: that the report on the Annual Assessment of Fraud was received by the committee</b></p>	
1.13	<p><b>Approval of:</b></p> <p>(i) <b>Fraud Policy</b> - this policy had an additional clause regarding the review cycle which is now every three years unless legislative or other changes required a review. The committee noted that:</p>	

## The Henley College Corporation

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	<p>(a) there is no "de minimis" reference in the policy, which would obviate the need to resolve very trivial issues.</p> <p>(b) Clause 2.2 Reporting Fraud needs to be reworded as normally HR would be involved right at the onset albeit it is likely the DoF would be informed first and therefore this underlying process needs to be documented. DoF said that this would be done.</p> <p>(ii) <b>Subcontracting Fees and Charges Policy</b> - The policy is a mandatory requirement that must be in place prior to participating in any subcontracting activity from 1<sup>st</sup> August 2013. The Subcontracting Fees and Charges Policy had to be reviewed and approved by the committee before it is sent to the Finance &amp; Resources committee. There were no amendments. Approved. In addition the DoF confirmed that there were no new subcontractors.</p> <p><b>Resolved that:</b></p> <p>(i) <b>the Fraud Policy was received by the committee and that it be recommended to the Corporation for approval subject to the amendment above. DoF to action.</b></p> <p>(ii) <b>the Subcontracting Fees and Charges Policy was received by the committee and that it be recommended to the Corporation for approval</b></p> <p>Jim McCaffney left meeting at 12.20</p>	DoF
1.14	<p><b>GDPR update</b> The report from the DoF confirmed that:</p> <p>(i) <b>GDPR Annual Report</b> – the College GDPR was compliant and the specialist governor had not raised any issues. However, the Chair wanted absolute reassurance that this was robust. Principal said that Head of HR would take this on.</p> <p>(ii) <b>Freedom of Information Requests</b> – the Head of MIS had confirmed that there had only been two freedom of information requests over the academic year 2018-2019 concerning personal surveys and that had been no subject data access requests.</p> <p><b>Resolved that the Principal to speak to Head of HR to ensure that GDPR was robust at the College.</b></p>	Principal
1.15	<p><b>Review of Audit Committee SAR 2018/19</b></p> <p>(i) Agree any changes to Audit Committee ways of working resulting from the SAR</p> <p>The Chair had received the committee SAR compilation of replies, the result of which deemed that the committee was working well.</p>	
1.16	<p><b>Bournville College Investigation Report</b> The Clerk explained that a letter had been sent to the Chair of the Corporation after the term had finished in July which was subsequently forwarded onto all governors for information. The committee found the report to be very interesting and felt that having noted the report they recommended that the key points should be discussed at the governors Away Day.</p> <p><b>Resolved that:</b></p> <p>(i) <b>the Eileen Milner letter and the Bournville Investigation report was received by the committee</b></p> <p>(ii) <b>the report's key points to be subject for discussion at the Governors' Away Day.</b></p>	Clerk/Chair of Corporation

## The Henley College Corporation

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1.17	<b>Any Other Business</b> There was no other business.	
1.18	<b>Items to be taken forward to next Corporation Meeting:</b> <ol style="list-style-type: none"> <li>1. Post Audit Management Letter 2018-2019 for approval</li> <li>2. Letter of Representation 2018-2019 for approval and signature</li> <li>3. Health and Safety Policy and Statement for approval and signature</li> <li>4. Audit Committee Annual Report 2018-2019 for approval</li> <li>5. Risk Management Policy for approval</li> <li>6. Fraud Policy for approval</li> <li>7. Subcontracting Fees and Charges Policy</li> <li>8.</li> </ol>	<b>Clerk</b>
1.19	<b>Date and Time of Next Meeting</b> <b>(i)</b> Scheduled meeting is on Monday 16 March 2020 at 10.00 <b>(ii)</b>	
	<b>Meeting Closure</b> The meeting closed at 12.45	
	MINUTES of the meeting held on <b>Monday 4 November 2019</b> were agreed and accepted as a true and accurate record and signed by the Chair  ..... on .....	