

The Henley College Corporation

MINUTES of the Meeting of the Audit Committee held on Monday 8 November 2021 at 10.00 via remote participation		
Members Present: Brian Fennelly Dr Tim Lincoln Chris Murray Tony Sanderson In attendance: Ashok Patel Shachi Blakemore Dakshita Takodora Jacky Gearey	Independent Member/Chair Independent Member Independent Member Co-opted Director of Finance (FD) Buzzacott TIAA Ltd Clerk	
Agenda Item	Minutes	Action by
	Opening of meeting The meeting opened at 10.0 and the Chair welcomed Chris Murray to his first meeting.	
	Apologies for Absence There were no apologies.	
	Declaration of Interests There were no declarations of interest.	
1.1	Minutes of Previous Meeting The minutes of the meeting 21 June 2021 were approved as an accurate record of the meeting held. Resolved that the Committee agreed that the minutes of 21 June 2021 were an accurate record of the meeting held	
1.2	Matters Arising from Previous Meetings Item 3.4 – plan on the risks of diversifying income – this has yet to be discussed by the SLT and the FD will come back with a plan on this. Item 3.7 – ICT review – an action plan to address findings from the assurance review had been made and was presented for information. There were no questions. There were no other matters arising.	
1.3	Financial Statements - External Auditors – The Statutory Accounts were prepared by the College and audited by Buzzacott. Shachi Blakemore went through the Post Audit Management Report and Financial Statements for 2020/21 and provided assurance regarding the accuracy of the Report and Financial Statements. The following points were highlighted: <ol style="list-style-type: none"> 1. The clearance meeting went well, and the auditors wished to thank both the FD and Debbie Lindsley for all their help. 2. It was confirmed that both the audit and regularity assurance were clean with nothing significant outstanding and no adjustments to be made. 3. The financial assessment was outstanding, and the auditors concurred with this. 4. A surplus of £110k was posted with a good level of reserves. There were no significant changes to the presentation and for information and noting Buzzacott advised that sector wide there would be an increase in employer NIC contributions plus further increased cost pressures. The Chair opened the floor for questions on the financial statements and there followed a lively discussion on: Page 8 - the Reserves' Policy - with the FD advising that this policy had been redrafted creating a framework for college solvency. The committee asked that the statements reflect that the College had met its reserves policy. Buzzacott advised that there was only a requirement for	

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	<p>colleges to consider a reserves policy but that it is likely to be developed within the sector over the next couple of years.</p> <p>The committee also felt that income and expenditure should not go into debit, however the FD assured the members that this was because of the pension liability however the committee requested that the pension calculation be included to verify this. FD said that this would be addressed, and the committee asked to see this. The projection for the coming year would show a credit and the reserves policy evidence this.</p> <p>Page 8 - the decrease or increase in actuarial surplus - the FD explained that the pension liability offset the actual gain i.e. there was a small gain in the valuation but overall a shortfall. The committee therefore asked that the statement to be reworded for clarity.</p> <p>Page 9 – the committee felt that there should be more emphasis made on the higher student achievement rates unless this was due to the pandemic. The Principal said that the improved rates were due to better retention and agreed that the comments would be changed to reflect the positives more boldly.</p> <p>Page 10 - Russell Group - reference to the fact that nearly 90% of students who progressed to Russell Group universities achieved a 2:1 or higher and this was 8% higher than the independent sector needed to be highlighted.</p> <p>The FD further advised the committee that the slump in other income was due to the lack of short courses, rental income etc. however the local authority income had continued, additionally there were savings in costs and increased efficiencies because of the pandemic and that the college had been in receipt of unexpected additional funding from ESFA for Maths and English and that the pay costs ratio had been maintained.</p> <p>The Chair thanked the FD and complimented the management of the College needs.</p> <p>Letter of Representation - this was a standard document as presented and was to go to the Corporation for signature. The committee approved this document. Chair on behalf of the committee wanted to thank the auditors for the reports presented and commended the financial team and FD for their work.</p> <p>Shachi Blakemore left the meeting 10.30</p> <p>Resolved that:</p> <p>(i) The Draft Report and Financial Statements 2020/21 were received by the committee</p> <p>(ii) FD to add to the Financial Statements confirmation that the College has met its reserves policy and include the pension calculation</p> <p>(iii) FD to send pension calculation to the committee</p> <p>(iv) FD to make changes referred to above under pages 8, 9 and 10.</p> <p>(v) Post Audit Management Report 2020/2021 was received by the committee and recommended to the Corporation for approval.</p> <p>(vi) The Letter of Representation was received by the committee and recommended to the Corporation for approval and signature by the Chair</p>	<p>FD</p> <p>FD</p> <p>FD</p> <p>FD</p>
1.4	<p>Internal Annual Audit Report for 2020/21</p> <p>Dakshita Takodora, TIAA advised that the follow up actions from the ICT assurance review had been provided (see item 1.2) and there were no questions from the committee.</p> <p>Regarding the annual internal audit report, TIAA had provided reasonable assurance and some analysis on the three reviews carried out. For each assurance review, an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. TIAA confirmed that there had been minimal or no impact on the delivery of the internal audit work for 2020/21 as a result of the COVID-19 pandemic. The report also confirmed that TIAA was satisfied that, for the areas reviewed during the year, the College had reasonable and effective risk management, control and governance processes in place.</p> <p>Principal asked about the review of safeguarding held in March 2021 and what the substantial assurance provided covered. TIAA confirmed that this meant that the College had a robust</p>	

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	<p>system of internal controls operating effectively to ensure that risks were managed, and process objectives achieved. For clarification TIAA explained that this included appropriate systems in place underpinned by a safeguarding policy and supporting procedures, staff vetting and formal training arrangements, awareness raising and procedures for reporting concerns.</p> <p>FD confirmed that the controls in place across the College were robust and that both auditors had confirmed that there were no major weaknesses.</p> <p>TIAA referred to the ICT assurance review of cybercrime undertaken in June 2021 and wanted to emphasise that within both the FE, and HE sectors, the risk was very high, that it was not an area to be complacent about and needed constant overview. There followed a discussion on penetration testing with TIAA explaining that one key item that had been identified across the sector is from internal threats so testing should be done internally. The committee asked about fines within the sector for any GDPR breaches and TIAA said that this would be provided.</p> <p>The committee asked about the disaster recovery plan, in particular the planned rehearsal for Easter 2022 and the viability of waiting until this time. The FD explained that the IT element was being separated out and rewritten in case of any attack and that testing of this was ongoing. For reassurance the College was using independent organisations to test various parts of the disaster recovery plan. The committee felt that the inference was that more work was required on this and that the FD should clarify this point.</p> <p>FD asked that the IT Manager should join the committee going forward as an officer in attendance and the Chair and committee agreed.</p> <p>Resolved that the Annual Internal Audit Report for 2020/21 was received by the committee</p> <p>Dakshita Takodora left the meeting at 10.46</p>	
1.5	<p>Risk Management</p> <p>SLT Risk Management Group (RMG) minutes – group met on 21 October 2021 and was attended by the Principal. The FD said that the risks were the same, but the group was always mindful of student numbers despite of increased enrolments. It was noted that the Chair of Audit nor any other governor had not been invited to these meetings. The Principal said that this was an oversight as a now since departed governor had attend previously. This would now be rectified.</p> <p>Updated Risk Register</p> <p>The register operates through a RAG scoring system. The risks had not altered and there would always be some red risks. In going through the register, the FD noted the following and reassured the committee that the college was confident in their mitigation:</p> <ul style="list-style-type: none"> • student performance is rising and above the sector, although it was still amber the scoring was reduced • financial risks were low but would always be present • HR and the retention of staff – recruitment was difficult although there was enough capacity to accommodate the provision with the increased student numbers • IT – the implementation of the new student record system had gone well and carried no further risk but there were some other hotspots identified and these were being managed carefully <p>The committee asked about the following risks:</p> <ul style="list-style-type: none"> • HR – in particular the recruitment of a new Finance Director. The Principal said that this had been very challenging especially in today's recruitment climate but that the risk was being managed. The FD explained that the risk was initially amber but with mitigation in place changes to green. • Data management areas – these were currently amber for forecasting but in the future would be green except for cyber security which is unlikely ever to go down to green. This prompted a discussion on data management breach as this was part of this area. 	

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	<p>The committee felt that the register as discussed highlighted the challenges and the judgements made and re-emphasised the need for governor/Chair of Audit to be present at the RMG when these are judgements are made.</p> <p>Review of Risk Management Policy – FD confirmed that there had been no changes and was within the 3-year cycle agreed at the meeting in November 2019.</p> <p>The Chair thanked the FD for the reports and work done.</p> <p>Resolved that the following were received and noted by the committee:</p> <ul style="list-style-type: none"> (i) The SLT Risk Management Group minutes 21 October 2021 (ii) The updated Risk Register (iii) The Risk Management Policy (iv) The Principal to invite the Chair of Audit to attend the termly RMG meetings. Principal's PA to action 	
1.6	<p>Annual Report of the Audit Committee</p> <p>The report summarised the work of the Audit Committee during the last academic year, in ensuring that than an adequate program 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 2020 – 31 July 2021 and the committee approved the report as presented.</p> <p>Resolved that the annual report of the Audit Committee was received by the committee and to be recommended to the Corporation for approval</p>	
1.7	<p>Health & Safety Health & Safety Policy</p> <p>The HSS advised that this was still being reviewed and once finalised would be sent to the committee for review, comment and approval via a remote decision.</p> <p>Annual Health & Safety Report</p> <p>The HSS went through the work of the Health & Safety Group over the past academic year and in particular referenced fire evacuation drills, asbestos and Covid procedures. The chair and committee members all concurred that the College's response to Covid had been very positive and noted that the measures were still be adhered to. The committee asked for more details regarding the asbestos found in one of the buildings and the measures taken to address this situation. The HSS detailed the actions taken and provided further assurance about the asbestos risk in the College which was detailed in the asbestos register. The FD confirmed that to undertake a full survey of all buildings and rooms would be very expensive, therefore if any asbestos is found through a project refurbishment action is taken, highlighting contractors have a responsibility regarding this.</p> <p>Committee wanted to commend the HS&S Manager and his team for their exceptional work over a very challenging time.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) The Health & Safety Policy to be sent to all committee members for review once finalised and a remote decision sought for approval. (ii) the Annual Health & Safety and Security Report was received by the committee and for information to the Corporation 	
1.8	<p>GDPR Update</p> <p>The FD advised that TurnITon were the independent DPO provider. There had been several business and marketing requests but that this was normal for a college and there were no issues in managing this. The committee asked about vexatious requests and the FD said that these had increased and were time consuming to address. The Chair concurred noting the increase and asked about the time involved. The FD said that it was essential for this to be managed carefully and provision had to be made in accordance with the law. A detailed discussion on this</p>	

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	<p>followed and the mitigation in dealing with this, especially regarding student information. The FD said that the committee will be updated on this as and when these are completed. Additionally consideration would be given to how to link this to the risk register.</p> <p>Resolved that the GDPR update was received by the committee</p>	
1.9	<p>Annual Fraud Assessment 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>	
1.10	<p>Notification of any concerns (e.g. Fraud, Whistleblowing) FD confirmed that there were no concerns.</p> <p>Resolved that there has been no notification of fraud or Whistleblowing within the college</p>	
1.11	<p>Committee Self-evaluation Of the committee replies, there had not been a response from the parent governor, who had since left the Board. The comments were noted. The Chair as a point to note said that it was essential that all members of the committee should complete this and that there should be no exceptions.</p> <p>Resolved that the report on the committee self-evaluation was received by the committee</p>	
1.12	<p>Any Other Business</p> <p>Tony Sanderson advised the committee that he had agreed to stay on this committee for this academic year 2021-22.</p> <p>There was no other business.</p>	
1.13	<p>Items to be taken forward to next Corporation Meeting:</p> <ul style="list-style-type: none"> (i) Letter of Representation (ii) Post Audit Management Report (iii) Annual Audit Committee Report 	Clerk
1.14	<p>Date and Time of Next Meetings:</p> <ul style="list-style-type: none"> 1. 15 March 2022 at 14.00 2. 6 June 2022 at 14.00 	
	<p>Meeting Closure The meeting closed at 11.46</p>	