

## The Henley College Corporation

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### MINUTES of the Meeting of the Audit Committee

held on Monday 7 November 2022 at 10.00 via remote participation

<p><b>Members Present:</b>          Brian Fennelly          Dr Tim Lincoln          Chris Murray          Tony Sanderson</p> <p><b>In attendance:</b>          Eamonn Egan          Mark Griggs          Shachi Blakemore          Dakshita Takodra          Jim McCaffney          Jacky Gearey</p>	<p>Independent Member/Chair          Independent Member          Independent Member          Co-opted</p> <p>Vice Principal          Finance &amp; Resource Controller (FRC) for items 1.3, 1.6, 1.7, 1.9 and 1.10          Buzzacott for item 1.4          TIAA Ltd for item 1.5          Health &amp; Safety and Security Manager (HSS) for item 1.8          Clerk</p>	
	<b>Agenda Items</b>	<b>Action by</b>
	<p><b>Opening of meeting</b>          The meeting opened at 10.01</p>	
	<p><b>Apologies for Absence</b>          1. Nick Inglis</p> <p>There were no other apologies.</p>	
	<p><b>Declaration of Interests</b>          There were no declarations of interest.</p>	
1.1	<p><b>Minutes of Previous Meeting</b>          (i) The minutes of the meeting the 6 June 2022</p> <p>The committee agreed that the minutes of the meeting 6 June 2022 were an accurate record of the meeting held.</p> <p><b>Resolved that the Committee agreed that the minutes of 6 June 2022 were an accurate record of the meeting held</b></p>	
1.2	<p><b>Matters Arising from Previous Meetings</b>  <b>Item 3.6 – Health &amp; Safety Report to include safeguarding</b> - HSS Manager advised that Safeguarding and Prevent comes under the jurisdiction of the Quality Committee, who receive termly reports and updates through the College DSL and the Vice Principal. Additionally the board are advised of any issues / updates at ever board meeting. If anything becomes essential under Health &amp; Safety to support Safeguarding and Prevent then these will be communicated termly to the Audit Committee.  <b>Item 3.7 - Disaster Recovery Plan</b> – FRC provided an update on this explaining about the delay in producing the plan. The aim is to carry out desktop scenarios to test the plan and to close this off at the end of November 2022. Additionally this plan will form part of the Business Continuity Plan. The Chair said that the committee would like to see the results of the pressure testing which the FRC agreed to provide for the next meeting.</p> <p>All other matters arising from the previous meeting had been closed and there were no further issues.</p>	

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	<p><b>Resolved that the FRC to provide the results of the desktop scenarios testing (Disaster Recovery Plan) for the next meeting</b></p>	
1.3	<p><b>Notification of any concerns (e.g. Fraud, Whistleblowing)</b> The FRC confirmed that there were no concerns.</p> <p><b>Resolved that there has been no notification of fraud or Whistleblowing within the College</b></p>	
1.4	<p><b>Financial Statement - External Auditors</b> 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 2021/22 and provided assurance regarding the accuracy of the Report and Financial Statements confirming that the approach was similar to previous years. The following points were highlighted:</p> <ol style="list-style-type: none"> <li>1. The clearance meeting went well, and the auditors wished to thank both the FRC, Ashok Patel and Debbie Lindsley for all their help.</li> <li>2. It was confirmed that both the audit and regularity assurance were clean with nothing significant outstanding and no adjustments to be made and that the going concern assessment was appropriate.</li> <li>3. The financial assessment was outstanding, and the auditors concurred with this.</li> <li>4. A surplus of £6m was posted but did not reflect the true position of the College because of the way the actuaries have viewed the defined benefit pension liability. Therefore, the actual operational surplus was £353k and the financial position still remains outstanding.</li> <li>5. The work undertaken by TIAA, the internal auditors, having reviewed the scope of their work and their audit findings.</li> </ol> <p>There were no significant changes to the presentation and for information and noting Buzzacott advised that sector wide monitoring finance was currently very challenging and that going forward the external auditors will also be looking at the IT controls around financial statements.</p> <p>The Committee referred to Appendix 3 regarding the comparison of financial ratios in particular the reference to the proposed financial health calculator, where based on the financial statements it would indicate that the College would still remain outstanding, however the scoring would reduce to 285 from 290 (as a result of the omission of borrowings as percentage of income). However Buzzacott explained, that this new grading system proposed by the ESFA had not been implemented and moreover, that this would not affect the financial health of the College. The Committee asked that the wording in the report be amended to clarify this.</p> <p>There followed an in-depth discussion on a recent Supreme Court ruling on the impact on holiday pay for sessional workers and that the amount the College declared was below the level of materiality at £1200.</p>	

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	<p>Finally Buzzacott advised that there was still no decision on whether FE colleges will be classified as public sector. Reclassification would allow colleges to access the financial benefits available to state schools, such as the VAT refund scheme and the National Insurance compensation scheme. The committee recommended the Post Audit Management Report to the Board for approval.</p> <p>The Letter of Representation was presented and was similar to previous years. The committee recommended this for Board approval and signature.</p> <p>There were no further questions. The Chair thanked Shachi Blakemore for a comprehensive presentation and the work done.</p> <p><b>Resolved that:</b></p> <p><b>(i) The Draft Report and Financial Statements 2021/22 were received by the committee</b></p> <p><b>(ii) Post Audit Management Report 2021/2022 was received by the committee and recommended an update to Appendix 3 from Buzzacott before submitting to the Corporation for approval.</b></p> <p><b>(iii) The Letter of Representation was received by the committee and recommended to the Corporation for approval and signature by the Chair</b></p> <p>Shachi Blakemore left the meeting at 10.46</p>	
1.5	<p><b>Internal Audit Reports</b> <b>Internal Audit Annual Report 2021/2022</b></p> <p>TIAA carried out three reviews, one of which was not assigned a level of assurance as it was an IT Cybersecurity follow up review. The other two reviews (Financial Controls and Learner Numbers) were designed to ascertain the extent to which the internal controls in the system were adequate to ensure that activities and procedures are operating to achieve the College's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. To be noted there were some areas where TIAA's inability to complete the work was due to restrictions brought about by Covid-19 and resulted in an indicative assurance assessment. Substantial assurance was provided for financial controls and reasonable assurance for learner numbers.</p> <p><b>General Follow Up report 2021/2022</b></p> <p>The review considered the progress made in implementing the recommendations made in the previous internal audit reports and established the extent to which management had taken the necessary actions to address the control issues that gave rise to the internal audit recommendations. There were five recommendations, most of which were in progress. The committee commented that this was overall a good report.</p> <p><b>IT Cybersecurity Follow Up Report 2020/2021</b></p> <p>ICT Review took place in 2021 and GDPR in 2020. The follow up review considered the management action taken to address the control issues that gave rise to the recommendations. There were two outstanding issues covering the College's disaster recovery plan which required review, revision and approval which has been covered under item 1.2 and Data Protection. This latter point had been partially completed and was referred to, to ensure full GDPR compliance. This is also covered under item 1.9.</p> <p>The committee asked if the disaster recovery plan was similar to other colleges and TIAA explained that there was no standard template, but examples had been</p>	

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	<p>provided to the FRC. Ultimately it was essential that such a plan be simple and easy to follow.</p> <p><b>Internal Audit Plan for 2022/23 and 2023/24</b></p> <p>Following the committee's comments at the previous meeting, the audit plan had been revised. The planned times and the high-level scopes for these reviews for 22/23 covered:</p> <ol style="list-style-type: none"> <li>1. Governance – strategic control,</li> <li>2. ICT - Ransomware and Access Controls; and</li> <li>3. Finance – key financial controls using IT.</li> </ol> <p>The committee approved the revised plan. Committee felt that since the last meeting, there might be some significant changes to the education policy due to recent political circumstances and asked if anything has emerged from the government's expectations for the future which might impact on what might need to be viewed from an internal audit perspective. The VP confirmed that the key driver was T-levels and there was currently no indications that this will change.</p> <p><b>Resolved that the following reports were received and noted by the committee:</b></p> <ol style="list-style-type: none"> <li>1. <b>Internal Audit Annual Report 2021/2022</b></li> <li>2. <b>General Follow Up report 2021/2022</b></li> <li>3. <b>IT Cybersecurity Follow Up Report 2020/2021</b></li> </ol> <p><b>Resolved that the Internal Audit Plan for 2022/23 and 2023/24 was received and approved by the committee</b></p> <p>Dakshita Takodra left meeting at 10.59</p>	
1.6	<p><b>Risk Management</b></p> <p>The Risk Management Group (RMG) meeting had been rescheduled to 1 November 2022 at which the Chair of Audit had been present and therefore the minutes were not available. A verbal update was provided by the FRC covering both the Risk Management Policy and the Risk Register</p> <p>The Risk Management Policy had been amended under the scoring of risks to say "The scoring is based on the probability rating and the impact rating ". The Chair of Audit concurred with this provision from the meeting. The committee approved the policy.</p> <p>The Risk Register had been reviewed at the meeting and reference was made to a change in terminology and some new risks which will be added and advised to the committee when the RMG minutes are sent out.</p> <p>The Chair and committee felt that as this was a living document, it would be far better to ensure a higher level of engagement and feed this into the strategic tracker. As a point of note the committee raised the issue of having appropriate representation on key sub committees and asked that this be added as a new risk.</p> <p>There were no further questions.</p> <p><b>Resolved that:</b></p> <ol style="list-style-type: none"> <li>(i) <b>That the Risk Management Policy was reviewed and the amendment approved by the committee</b></li> </ol>	

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	<p>(ii) <b>Risk Management Policy to be recommended to the Board for approval</b></p> <p>(iii) <b>the Risk Register was received and noted by the committee with the FRC to send revised risk register and Risk Management Group minutes to the committee</b></p> <p>(iv) <b>FRC to add additional risk regarding the appropriate representation on key sub committees to the risk register</b></p>	
1.7	<p><b>Annual Report of the Audit Committee</b></p> <p>The report summarised the work of the Audit Committee during the last academic year, in ensuring that an 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 2021 – 31 July 2022 and the committee approved the report as presented.</p> <p>The Chair wanted to thank Ashok Patel, the FRC and his team for all the work that had been done over this time.</p> <p>As a point of note the Chair asked that the issue of a member of the committee with audit experience be raised at the next board meeting.</p> <p><b>Resolved that:</b></p> <p>(i) <b>the Annual Report of the Audit Committee was received by the committee and to be recommended to the Corporation for approval</b></p> <p>(ii) <b>Membership of the audit committee to be raised at the next board meeting</b></p>	
1.8	<p><b>Health &amp; Safety Report</b></p> <p><b>Review &amp; approval of Health &amp; Safety Policy</b></p> <p>There was one minor amendment to a job title otherwise no changes and the committee recommended this policy for approval by the Board.</p> <p><b>Health &amp; Safety Statement</b></p> <p>This was for annual review, there were no changes and the committee to recommend this to the Board for approval.</p> <p><b>Annual Health &amp; Safety Report</b></p> <p>The annual health &amp; safety report was presented with the Health and Safety Manager assuring the committee that the controls remained robust and all key aspects of maintenance, testing and mitigation had been continued by the Estates &amp; Facilities team. The work covered a range of areas including roofing where there had been remedial work undertaken, a biannual water risk assessment and a RIDDOR incident, the first in many years where a member of staff tripped over some cardboard resulting in a fracture, this had been reported to the Health &amp; Safety Executive. The College was still following the Covid guidance as there was still a number of staff and students being affected by this-</p> <p>The committee asked if there was a maintenance budget and if it was ring fenced. The HSS said there were no issues regarding this and the FRC provided assurance that there was additional funding to maintain infrastructure. Additionally the committee asked about whether the H&amp;S committee was also involved with the provision of mental health support of students and was advised that although this came under the designated safeguarding lead and his team, there was a cross over with the H&amp;S committee as this was seen as part of the committee's remit. Furthermore the VP advised that a number of initiatives had been brought in during the pandemic and these have been carried on.</p>	

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	<p>The Chair thanked the HSS and his staff for all their hard work.</p> <p><b>Resolved that the Health &amp; Safety Policy, Health &amp; Safety Statement and Annual Report on Health &amp; Safety were received by the committee and recommended to the Board for approval</b></p>	
1.9	<p><b>GDPR Update</b></p> <p>FRC said that there had been three FOI requests and provided details of these requests which had all be resolved.</p> <p>The FRC has agreed to become responsible for GDPR and is working with a consultant from TurnITon to provide an action plan to become GDPR compliance. For reassurance an audit had been requested to provide a gap analysis to determine if the College is meeting expectations and using its resources effectively.</p> <p>The issue regarding some of the governors' continued use of private emails for college business was raised, the FRC said that this posed serious risks of IP theft, loss of college privacy and possibly data. The Chair felt that as this was of vital importance that this should be raised again at the next board meeting so that all governors were aware of the risks posed in continuing to use their own emails. Furthermore it was also suggested that this be added to the risk register under governance and the FRC agreed to add this.</p> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li>(i) <b>the GDPR update was received and noted by the committee</b></li> <li>(ii) <b>FRC to add a new risk under governance regarding use of personal emails for college business</b></li> </ul>	
1.10	<p><b>Annual Fraud Assessment</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 sensed checked by the external and internal auditors and there were no issues. The committee approved the assessment. The committee asked that going forward the assessment to be discussed in the summer term at the committee before going to the external auditors. The FRC agreed to do this.</p> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li>(i) <b>the report on the Annual Assessment of Fraud was received by the committee and to be recommended to the Corporation for approval</b></li> <li>(ii) <b>FRC to bring the draft Annual Fraud Assessment to the committee in the summer term for discussion.</b></li> </ul>	
1.11	<p><b>Committee self-assessment</b></p> <p>The committee self-assessment report was presented. The committee self-assessment response rate was 100% and the comments were noted concerning the management's identification, evaluation, report and training regarding risk management. As the Chair of this committee is now part of the Risk Management Group, this, going forward, would provide reassurance to the committee that actions are taken and any issues would be communicated to the committee.</p> <p><b>Resolved that the Committee self-assessment report was received and noted by the committee</b></p>	

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1.12	<b>Any Other Business</b>  There was no other business.	
1.13	<b>Items to be taken forward to next Corporation Meeting:</b> <ul style="list-style-type: none"> <li>(i) Post Audit Management Report</li> <li>(ii) Internal Audit Report for 21/22 and Internal Audit Plan for 22/23</li> <li>(iii) Risk Register</li> <li>(iv) Risk Management Policy</li> <li>(v) Health &amp; Safety Annual report 21/22</li> <li>(vi) Health &amp; Safety Policy and Statement</li> <li>(vii) Annual Report of the Audit Committee</li> <li>(viii) Annual Assessment of Fraud</li> <li>(ix) Membership of the Audit committee with relevant experience</li> </ul>	<b>Clerk</b>
1.14	<b>Date and Time of Next Meetings:</b> <ul style="list-style-type: none"> <li>1. 13 March 2023</li> <li>2. 5 June 2023</li> </ul>	
	<b>Meeting Closure</b> The meeting closed at 12.00	