

The Henley College Corporation

MINUTES of the Meeting of the Audit Committee

held on Monday 6 November 2023 at 10.00 via remote participation

<p>Members Present: Brian Fennelly Eva Dixon Paul Faggin</p> <p>In attendance: Mark Griggs Shachi Blakemore Dakshita Takodra Jacky Gearey</p>	<p>Independent Member/Chair Independent Member Independent Member</p> <p>Finance & Resource Controller (FRC) for items 1.3, 1.6, 1.8, 1.9, 1.10 & 1.11 Buzzacott for item 1.4 TIAA Ltd for item 1.5 Director of Governance</p>	
Agenda Items		Action by
<p>Opening of meeting The meeting opened at 10.01 and thanked everyone for attending</p>		
<p>Apologies for Absence</p> <ol style="list-style-type: none"> 1. Eamonn Egan - work 2. Nick Inglis - work 3. Jim McCaffney - work <p>There were no other apologies.</p>		
<p>Declaration of Interests There were no declarations of interest.</p>		
1.1	<p>Minutes of Previous Meeting</p> <ol style="list-style-type: none"> (i) Minutes of the meeting the 5 June 2023 (ii) Minutes 21 August 2023 <p>The committee agreed that the minutes of 5 June 2023 and 21 August 23 were accurate records.</p> <p>Resolved that the Committee agreed that the minutes of 5 June 2023 and 21 August 23 were accurate records.</p>	
1.2	<p>Matters Arising from Previous Meetings</p> <p>Item 3.3(ii) - add risk if no expressions of interest from auditors to risk register with mitigations – external and internal auditors appointed. Closed</p> <p>Item 3.4</p> <ol style="list-style-type: none"> (i) to report back on the costs for providing a second fibre optic connection or similar – Contractor coming in this week. (ii) Fibre Optic connection a capital expenditure for 23-24 - RAG rating to change to amber – A provision of £60k has been put into the capital budget. Closed. See item 1.6 (i) to provide a reformatted risk register to separate out strategic and operational risks – see item 1.6 <p>Item 3.5</p> <ol style="list-style-type: none"> (i) to bring revised Fraud Policy to next meeting – Closed. See item 1.11 (ii) to provide a brief synopsis of the recent changes to Post-16 Audit Code of Practice – Closed. See minutes 21 August 2023. 	

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	<p>Item 3.8 to advise the committee at the meeting in November of the fire evacuation frequency – FRC advised that there are two done each year, one in the autumn term and the other in summer term. Closed.</p> <p>Item 3.12 - to add issue of staff resources for audit compliance to risk register. Closed</p> <p>All other matters arising from the previous meeting had been closed and there were no further issues.</p>	
1.3	<p>Notification of any concerns (e.g. Fraud, Whistleblowing) The FRC confirmed that there were no concerns.</p> <p>Resolved that there has been no notification of fraud or Whistleblowing within the College</p>	
1.4	<p>Financial Statement - 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 2022/23 and provided assurance regarding the accuracy of the Report and Financial Statements confirming that the approach was similar to previous years.</p> <p>The following points were highlighted:</p> <ol style="list-style-type: none"> 1. 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. 2. The work undertaken by TIAA, the internal auditors, was considered as part of the audit. 3. Regulatory assurance work – there were now additional rules due to ONS reclassification and no issues were raised. 4. ISA 315 revised – this implements a minimum requirement for auditors to document their understanding of the role of IT in the transactions and processes relevant for the audit. There was an advisory comment recommending the implementation of cyber essentials plus. The College already has achieved cyber essentials accreditation. 5. Reference was made to related party transactions concerning governors which were reflected in the financial statements. 6. A surplus for the year after Local Government Pension Scheme (LGPS) adjustments of £1,454k was reported. The underlying operating surplus for the year excluding LGPS adjustments was £118k. There was a further adjustment to account for the actuarial gain on the pensions scheme plus an FRS 102 adjustment but as this is not recoverable by the college the FRS 102 valuation at 31 July 2023 has been capped at nil balance in the financial statements. 7. Teachers' Pension contribution is to go up by 5%. 8. The auditors concurred with the financial assessment of 'outstanding'. 9. Change in accounting standards Section 20 of FRS 102 regarding all leases. 10. The clearance meeting went well, and the auditors wished to thank both FRC and Debbie Lindsley for all their help and in being well prepared for the audit. <p>There were no significant changes to the presentation, with Buzzacott also providing an update on sector developments. There was a brief discussion on the key risks and uncertainties. The committee then 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</p>	

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	<p>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>Resolved that:</p> <p>(i) The Draft Report and Financial Statements 2022/23 were received by the committee</p> <p>(ii) Post Audit Management Report 2022/2023 was received by the committee and recommended to the Corporation for approval.</p> <p>(iii) The Letter of Representation was received by the committee and recommended to the Corporation for approval and signature by the Chair</p> <p>Shachi Blakemore left the meeting at 10.21</p>	
1.5	<p>Internal Audit Reports TIAA briefed the committee on the following:</p> <p>Key Financial Controls This was the last of the three reviews for 2022-23. The review considered the effectiveness of the key financial controls which provide ongoing assurance that the following systems were operating in accordance with the College's requirements. The expected key financial controls were found to be in place and operating effectively and substantial assurance was provided.</p> <p>Internal Audit Annual Report 2022/2023 TIAA carried out three reviews, plus a follow up review on IT Cybersecurity.</p> <p>Follow up on ICT Review of Cyber Crime and GDPR Recommendations (2021/22) Reasonable assurance - the follow up review considered the progress made in implementing the priority 3 recommendations made in the previous internal audit reports and established the extent to which management has taken the necessary actions to address the control issues regarding internal audit recommendations.</p> <p>Governance - Strategic Control Reasonable assurance – the review considered the arrangements in place through which the College controls the review, implementation and monitoring of strategic plans. It was noted that whilst the College had exceeded its aims and targets in a number of areas, the strategic tracker needed updating with management to provide relevant clear and comprehensive commentary for amber or red rated activity.</p> <p>Ransomware and Access Controls Reasonable assurance – the review considered the technical, procedural and policy controls in place to prevent the ingress and spread of ransomware in the event of an infection with a few areas of improvement noted i.e. two factor authentication for students, staff training records to be updated.</p> <p>Key Financial Controls Substantial assurance – the review considered the effectiveness of the key financial controls which provide ongoing assurance that the following systems were operating in accordance with the College's requirements: Accounts Payable, Accounts Receivable, General ledger including journals, controls accounts, bank reconciliations and cash</p>	

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	<p>management. The expected key financial controls were found to be in place and operating effectively.</p> <p>In summary 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. The committee asked about the IT Cyber follow up and for reassurance TIAA confirmed that progress on the audit recommendations would be further reviewed against agreed actions arising from the report and the evidence tested to support the reported progress.</p> <p>Internal Audit Plan for 2023/24</p> <p>The planned times and the high-level scopes for these reviews for 23/24 covered were presented in the plan and covered:</p> <ol style="list-style-type: none"> 1. HR Management –Performance Management: Staff Retention – assurance - the review will consider the arrangements for inductions; appraisals; training and development, sickness and leave monitoring. Areas of focus to be further discussed and agreed with management. 2. Disaster Recovery (DR) – ICT - scope to consider e.g. adequacy of DR provision, backup and recovery capabilities, third party management alignment with the Business Continuity Plan 3. Estates Management (Opportunity Management and Income Maximisation) – compliance. The review will consider the arrangements in place to maximise the performance of the College Estate. This audit will focus on last two element of government guidance on 'making best use of estates management' (Maintenance; Energy and sustainability; TIAA explained how this would work and that the scoping state will cover this. TIAA advised of government website regarding estates management and committee asked that this link be sent to them. <p>The committee approved the plan. TIAA confirmed that the plan was flexible.</p> <p>Resolved that:</p> <ol style="list-style-type: none"> 1. Key Financial Controls Report was received and noted by the committee 2. Internal Audit Annual Report 2022/2023 was received and noted by the committee and to go to the Board for information 3. Internal Audit Plan for 2023/24 was received and approved by the committee 4. TIAA to send link of government website to committee regarding estates management <p>Dakshita Takodra left meeting at 10.33</p>	TIAA
1.6	<p>Risk Management</p> <p>The Risk Management Group (RMG) meeting had taken place October. FRC advised that he had a discussion with the internal auditors regarding risk management training for governors and senior leaders. Chris Harris, partner at TIAA would provide such a training session for the College. The Committee agreed that as risk management was part of the governors' responsibilities, this would be an excellent way to cover this off. However formalised training should also be backed up with a training package that would be able to provide data of completion. FRC to speak to HSS regarding a SmartLog package covering risk management. The Chair agreed and confirmed that he would speak to the Board Chair regarding the timing of this. All agreed that training was key and needed to be addressed.</p>	FRC

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	<p>The Risk Register had been reviewed at the meeting and a discussion on reformatting and integrating the risk register with the strategic tracker and KPIs a triangular set of documents linking each other. Risk document would be a continuous document as risks are always evolving. Some of the commentary had been updated where there were changes. The following risks no longer deemed significant risks were removed: Covid-19 now treated in the same way as flu or other sicknesses and appointment of auditors. The FRC confirmed that a further review would be done to provide more commentary against each risk, identifying whether it was strategic, compliance and /or operational.</p> <p>The Risk Management Policy – FRC confirmed that there had been no amendments to this policy. The committee approved the policy. This will be changed into the college format so that there is version control.</p> <p>Register of Interests 2022/23 – the FRC advised that the auditors had noted that third party related transactions (include any governors' associations) had to be included in the financial statements. The Chair asked for a reminder to go out to all Board Members on this plus for it to be reaffirmed at the next board meeting.</p> <p>There were no further questions.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) Risk Management Policy to be recommended to the Board for approval (ii) the Risk Register was received and noted by the committee (iii) FRC to speak to H&S Manager regarding risk management training packages within SmartLog (iv) Dir of Governance to send out reminder to all Board Members regarding their register of interests in particular and related third party transactions. 	Dir of Gov
1.7	<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 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 2022 – 31 July 2023 and the committee approved the report as presented. Much of this had been covered under items 1.4 and 1.5.</p> <p>The Chair wanted to thank the FRC and his team for all the work that had been done over this time.</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>	
1.8	<p>Health & Safety Report</p> <p>In the absence of the Estates & HS Manager, the FRC provided the following update to the committee:</p> <p>Review & approval of Health & Safety Policy</p> <p>There were no changes, and the committee recommended this policy for approval by the Board.</p> <p>Health & Safety Statement</p> <p>This was for annual review, there were no changes and the committee to recommend this to the Board for approval.</p>	

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	<p>Annual Health & Safety Report</p> <p>The annual health & safety report assured the committee that the controls remained robust and all key aspects of maintenance, testing and mitigation had been continued by the Estates & Facilities team. The work included of note the fire evacuation system, RAAC survey (which was clear) and Radon radioactive gas testing. FRC confirmed there were no RIDOR reports. The Committee subsequently raised the issue of whether it was viable for the H&S report to include any near misses (accidents) to ascertain whether there were any trends which could then be discussed at the termly H&S meetings. However although thought to be impractical, the FRC would ask the H&S Manager to generate a template for this reporting. FRC invited the Chair of Audit to attend these meetings which he agreed to do.</p> <p>The Chair thanked the Estates & HS Manager and his staff for all their hard work and asked for this to be recorded in the minutes.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the Health & Safety Policy, Health & Safety Statement and Annual Report on Health & Safety were received by the committee and recommended to the Board for approval (ii) FRC to speak to H&S Manager regarding a template for recording near misses (accidents) (iii) FRC /H&S Manager to arrange for Chair of Audit to be invited to termly H&S meetings 	FRC / H&S Man
1.9	<p>GDPR Update</p> <p>There had been no FOI requests, but one ongoing DSAR.</p> <p>Resolved that the GDPR update was received and noted by the committee</p>	
1.10	<p>Annual Fraud Assessment</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 auditors and there were no issues. The committee approved the assessment. Looking at the assessment for 23-24, the committee suggested that asked IT controls be mentioned.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the report on the Annual Assessment of Fraud was received by the committee and to be recommended to the Corporation for approval (ii) the assessment for 23-24 to have reference to IT controls 	
1.11	<p>Policy approvals:</p> <p>Whistleblowing Policy - changes include notification to both Chair of Governors and the Chair of Audit Committee. Approved by the committee.</p> <p>Anti-Fraud Policy and Procedure - re-written to reflect more closely the content of the Post-16 Audit Code of Practice and the elements of Managing Public Money (as a result of the ONS reclassification). The committee asked about mentioning the IT controls going forward. The FRC agreed to do this for the next meeting. Approved by the committee.</p>	

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	<p>Anti-Bribery Policy – new policy</p> <p>The policy sets out rules and regulations for how staff can handle potential bribes, providing a framework to prevent, detect, and address unethical practices, ensuring transparent and ethical business conduct. This policy complies with the Bribery Act of 2010 and its legislation. Whilst the provision of gifts and hospitality was not, of itself, a problem, it can be used as a bribe in contravention of the Bribery Act 2010. A separate Gifts and Hospitality policy was approved in 2023 whose aim is to guard against the risk of allegations of impropriety by individuals, however contracted to work for the College, by providing advice on key issues relating to the rules of regularity and propriety. Approved by the committee.</p> <p>The committee asked how this was rolled out to staff and it was suggested that these be part of the SmartLog training package as this would provide evidence of those staff who had completed training. FRC to speak to H&S Manager regarding this</p> <p>Resolved that:</p> <p>(i) The Whistleblowing, Anti- Fraud and Anti-Bribery policies were received and recommended to the Board for approval</p> <p>(ii) FRC to speak to H&S Manager regarding evidence training on these policies via SmartLog.</p>	FRC / H&S Man
1.12	<p>Committee self-assessment</p> <p>The committee self-assessment report was presented, the response rate was 100% and there had been 100% attendance at meetings. All agreed that the committee had effectively considered the internal audit strategy, monitored the internal and external auditors agreed recommendations and had been informed of any additional services undertaken by these auditors.</p> <p>Resolved that the Committee self-assessment report was received and noted by the committee</p>	
1.13	<p>Any Other Business</p> <p>Committee thank FRC and his team for the great result from the auditors. There was no other business.</p>	
1.14	<p>Items to be taken forward to next Corporation Meeting:</p> <p>(i) Post Audit Management Report</p> <p>(ii) Letter or Representation</p> <p>(iii) Internal Audit Report for 22/23 and Internal Audit Plan for 23/24</p> <p>(iv) Risk Register</p> <p>(v) Risk Management Policy</p> <p>(vi) Health & Safety Annual report 22/23</p> <p>(vii) Health & Safety Policy and Statement</p> <p>(viii) Annual Report of the Audit Committee</p> <p>(ix) Annual Assessment of Fraud</p> <p>(x) Policies: Whistleblowing, Fraud and Anti-Bribery</p>	Dir of Gov
1.15	<p>Date and Time of Next Meetings:</p> <p>1. 4 March 2024</p> <p>2. 10 June 2024</p>	
	<p>Meeting Closure</p> <p>The meeting closed at 11.34</p>	

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