



## HOPWOOD HALL COLLEGE

### MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THURSDAY 17<sup>TH</sup> MARCH 2022

**Meeting Commenced: 8.00am**

**Meeting Ended: 9.50am**

**Attendance: 80%**

**Quorum 3**

**Governors Present:**

Clive Reid (Chair), Vanda Hagan, Cathy Berry, Lee Sugden

**In Attendance:**

Jo Bentley Executive Director Finance & Estates

Matthew Taylor Executive Director Performance & Planning

Patrick Clark ICCA

Fatema Hussein Clerk to the Corporation

**1. Apologies for Absence**

Apologies had been received from Greg Walsh.

**2. Declarations of Interest**

Members were invited to declare any direct, indirect, personal, pecuniary or prejudicial interest on any item on the agenda.

There were no declarations made.

**3. Approval of the Minutes – 18<sup>th</sup> November 2021**

Agreed that: the minutes of the meeting held on 18<sup>th</sup> November 2021 are approved as a correct record and authorised for publication.

**4. Matters Arising from the Minutes**

The actions log was reviewed and it was noted that College had tried to seek legal advice regarding the sub-contracting rules. This had been problematic as it was a difficult issue to get specific advice on.

**Governor Questions**

**Q.** Were there any specialist organisations that could assist in resolving those queries?

**A.** A Governor did have a contact who was a procurement specialist and College was intending to approach them

## 5. ESFA Funding Audit Outcome and Report

The Executive Director Performance & Planning reported that:

- The audit had been completed but the report had not yet been received
- Work on the audit had not commenced until mid-December
- No concerns had been raised regarding AEB funding or loans
- There had been a few issues regarding 16-19 funding but these had now been resolved
- Concerns had been raised in relation to Apprenticeships and the delivery of off the job training
- This was being challenged as other Colleges had faced the same problems as Hopwood Hall in relation to this
- Some additional funding had been added to the contingency budget in case of any claw back risk on Apprenticeships
- The College was satisfied with how the audit had been conducted

### Governor Questions

**Q.** Had any errors been found on the 120 records that had been reviewed, and were these admin errors by College or due to the impact of Covid?

**A.** There were no funding errors found but there may be a few admin errors

A Governor stated that off the job training needed to be monitored at 8-week reviews, and College needed to be mindful that the 20% requirement for off the job training increased if Apprentices went past the end date.

Governors requested that the report was made available to them once it had been released by the ESFA

### **ACTION:**

Executive Director Performance & Planning to circulate report to Committee when published

## 6. Internal Audit Reports - ICCA

### HR & Payroll Report

ICCA presented the report with the following points highlighted to the Committee:

- A Substantial Assurance opinion had been issued with one medium recommendation
- The College's payroll function was entirely in house and payroll processing was not outsourced
- A sample of 20 records for starters, leavers and amendments had been tested and no issues had been found
- Appropriate controls were also in place for the payment and claiming of expenses
- As payroll was completely in-house and operated by a single individual, the operating procedures may not be sufficiently comprehensive to allow another College employee to process payroll during any period of long-term absence
- The recommended action was that College should look to review and update the current Payroll Procedures to ensure effective short-term operation of the payroll in the event that the Payroll Officer was unavailable for more than routine periods of holiday or absence

### Governor Questions

**Q.** How realistic was it to have a segregation of duties if the Payroll Officer role needed to be covered during staff absences?

**A.** The Executive Director of Finance stated that as there were only two staff in that Department, the HR Manager who was not connected to the payroll function could sign off any requests

The Internal Auditor confirmed that this would be acceptable

## **7. Financial Regulations Review**

The Committee was informed that minor updates had been made to the financial regulations.

The Clerk advised that it would not be good practice for travel expense claims for the Principal to be signed off by the Director of Finance & Estates as the Principal was their line manager.

The Internal Auditor advised that most travel bookings were made via use of the College credit card and there would be an audit trail to verify trips had taken place.

It was noted that requests for overseas travel would need to be authorised by the Chair of the Board.

### **RESOLVED:**

Following a discussion, the Committee agreed that the wording was amended to state that only petty cash claims by the Principal could be authorised by the Director of Finance & Estates.

The Committee approved the financial regulations subject to the proposed amendment.

Governors requested that in future, the financial regulations were sent to them more than 7 days in advance of the meeting in order to provide sufficient time for them to be reviewed.

### **ACTION:**

Executive Director of Finance and Estates

## **8. Audit & Risk Management Update**

The following update was provided to the Committee:

- There were 3 audits currently underway with a further three to be undertaken in the Summer term
- The new Head of IT Services had commenced in post this week and had previous experience of cyber security
- The underlying financial position was strong and cash balances would increase as expenditure on capital projects had been delayed
- There were 21 Corporate risks on the register
- 7 Risks have been removed from the register and 1 new risk has been identified in relation to Union pay dispute
- College had been successful in its application to be on the register of Apprenticeship Training Providers

- Funding received to support missed learning had to be spent by the year-end or may have to be returned back

### **Governor Questions**

**Q.** Was a planner available to highlight when areas in scope for audit had previously been audited?

**A.** The internal audit plan for each year included this information

### **Internal Audit Recommendations Tracker**

It was noted that 20 out of the 22 recommendations had been implemented, with 2 not yet due.

Governors were informed that the Health & Safety Committee had queried whether a lead Governor for Health & Safety was needed.

### **RESOLVED:**

The Committee agreed that this was discussed at the next Board meeting

### **ACTION:**

Clerk / Agenda

## **9. Risk Management Policy**

The meeting was informed that the policy had been updated to incorporate the risk appetite framework and statement.

A Governor suggested that although the overall risk appetite was low, it would be appropriate to set a different level of risk for certain areas in order to achieve specific objectives.

### **RESOLVED:**

The Committee endorsed the low-risk appetite and agreed that the policy was recommended to the Board for approval

### **ACTION:**

Clerk / Board Agenda

## **10. Good Practice Guide for Audit Committees**

The Clerk reported that the ESFA Good Practice Guide had been updated and suggested that this was a useful document to use as part of new member induction and training, and for the annual self-evaluation process.

Members reviewed the guide and discussed how the Committee would monitor whether value for money was being achieved.

The Internal Auditor suggested that it would be useful for the Committee to receive an annual value for money report.

### **Governor Questions**

**Q.** Was there a policy in place for re-tendering external audit services?

**A.** The external audit contract was for a fixed term and would be re-tendered when this was coming to an end

**Q.** Was College considering the implications of climate change?

**A.** College had set up a climate action group

Governors stated that the Audit Committee would need to focus on the risks and opportunities but it was important that climate change was discussed at all Committees.

**ACTION:**

- Clerk to add guide to Convene document library
- Value for Money report to be included on September Committee agenda
- Director of Finance & Estates to discuss how climate change agenda is addressed with risk management group

**11. Meeting between the Auditors and the Audit Committee**

An opportunity for the Auditors to discuss any matters with the Audit Committee to the exclusion of College management.

ICCA confirmed that there were no matters that they wished to discuss with the Audit Committee to the exclusion of College management

**12. Date and Time of Next Meeting**

Thursday 16<sup>th</sup> June 2022 at 8.00am

\*Standing Item

Chair's Signature:

Date: