



HOPWOOD HALL COLLEGE

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THURSDAY 18TH NOVEMBER 2021

Meeting Commenced: 8.00am

Meeting Ended: 9.30am

Attendance: 60%

Quorum 3

Governors Present:

Clive Reid (Chair), Greg Walsh, Cathy Berry,

In Attendance:

Jo Bentley	Executive Director Finance & Estates
Matthew Taylor	Executive Director Performance & Planning
Patrick Clark	ICCA
Rory McCall	Wylie & Bissett
Fatema Hussein	Clerk to the Corporation

1. Apologies for Absence

Apologies were received from Vanda Hagan and Lee Sugden.

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 – 30th September 2021

Agreed: that the minutes of the meeting held on 30th September 2021 are approved as a correct record and authorised for publication

4. Matters Arising from the Minutes

The action progress log was reviewed, and the following update provided:

- The Business Continuity audit would be included in the 2022/2023 audit plan
- College was in the process of appointing another legal firm to provide advice on the sub-contracting matter, and Tenet Services were also reviewing this

4.1 Audit Committee Self-Assessment Checklist

The Clerk reported that the checklist had been updated as requested by the Committee.

A Governor suggested that Item 4.8 was updated to state that staffing and resources were considered as part of the internal audit planning cycle.

ACTION:

Clerk to update

4.2 Enrolment Update

The Executive Director Performance & Planning reported that:

- 16-19 student numbers had been confirmed at 3160 learners at the census date, which was above the ESFA contract target of 3010
- It was below the operational target of 3352 students, and College had been resourced to deliver on this number
- 345 students had left the College which was 2% below the College attrition target of 10%
- Enrolment was ongoing for the Adult programme and was positive
- HE numbers had increased by 30 students compared to last year, but below the College target

Governor Questions

Q. Was any follow-up work undertaken with students who had withdrawn?

A. College did try to ascertain where students had gone to. Most had moved to another College or secured an Apprenticeship

5. ESFA Funding Audit

The Executive Director Performance & Planning advised that:

- The audit had commenced and a sample of 120 learner records had been selected
- Evidence had been submitted to the ESFA's auditors as requested
- College was confident that it had appropriate controls in place and did not anticipate any major issues
- ESFA had advised that any adjustments following the funding audit should be addressed in the 2021/22 accounts

Governor Questions

Q. Did the learner sample include all programmes?

A. The sample comprised of 35 Apprentices, 25 AEB, 30 16-19 learners and 30 learners with Adult loans

Q. When would College receive feedback on the outcome of the audit?

A. A draft conclusion was to be issued next Friday

The Committee noted the ESFA advice and agreed that this was a sensible position to take.

6. 2020/21 Audit Management Letter & Regularity Audit Opinion

Wylie & Bisset presented the report with the following points highlighted to the Committee:

- There were no concerns to report in relation to the regularity audit and no adjustments had been required

- The asset position was strong and would be issuing an unmodified audit opinion
- Reference would be made to the ESFA funding audit in the financial statements
- Additional work had been undertaken this year to gain assurance on the application of ESFA grant funding
- An overall review of governance arrangements and the process of internal control in place at the College had been undertaken
- Based on the findings, it appeared that the College had strong systems in place to comply with governance requirements
- The year-end accounts for Quest Pennine had also been audited with no matters to bring to the Committee's attention

RESOLVED:

That the report be received and noted

6.1 Letters of Representation

RESOLVED:

The Committee endorsed the Letters of Representation for formal signature on behalf of the Corporation.

7. Draft Report & Financial Statements 2020/21 (incorporating Quest (Pennine) Ltd

The Committee received and considered the Financial Statements for the year ended 31 July 2021.

The Executive Director Finance, Estates and Risk Management reported that:

- Financial performance for the year was in line with the July management accounts presented and discussed at the Employment & Finance Committee and Board in September and October respectively
- College would be reporting a net underlying operating surplus of £1.7 million with an increase in the value of net current assets to £13.5 million
- The receipt of in year income and prudent financial management had ensured that the financial position remained strong
- There had been a slight reduction in profit for Quest Pennine Ltd

The Committee considered the Report and Financial Statements, with particular regard to the Strategic Report, Statement of Corporate Governance and Internal Control and the Statement of Responsibilities of Members of the Corporation and the Independent Auditor's Reports.

Governor Questions

Q. The figure in the note on OfS grant is the same in both years, is this correct?

ACTION:

Wylie & Bisset to check

Q. On note 8 there appear to be some rows that are not needed, in particular, the 165k –170k row, which was not relevant to the year. Did this need to be removed?

A. This would be checked and amended if appropriate

Q. It may be a requirement of the SORP for Colleges, but some notes including 11 and 13, have nothing in them. Did they need to be there with zero numbers?

ACTION:

Director of Finance, Estates & Risk Management to check and financial statements to be amended if appropriate

RESOLVED:

The Committee agreed that the financial statements were recommended to the Corporation Board for approval subject to the amendments proposed

The Committee thanked the Executive Director Finance & Estates and her team for all their hard work this year and agreed that the out-turn was excellent with all budget targets having been met

8. Letter of Engagement

Wylie & Bissett advised that some minor changes had been made to the letter to take account of the new requirements in the Audit Code of Practice. These were:

- an update to the requirements to notify the ESFA of the resignation or removal of auditors,
- an engagement letter clause which confirmed that outgoing auditors would share professional enquiry letter matters with the ESFA where such matters existed

RESOLVED:

The Committee agreed that the letter was submitted to the Board for approval

9. Audit Committee Annual Report 2020/21

Members considered the report the purpose of which was to advise the Board on the effectiveness of the College's systems of internal control.

The Committee concluded that it continued to function effectively and in accordance with the Post 16 Audit Code of Practice and its own Terms of Reference.

RESOLVED:

That the Audit Committee Annual Report be submitted to the Corporation for approval.

10. Annual Internal Audit Report - ICCA

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

- Based on the work undertaken during the year, they could provide the Audit Committee and Corporation with Reasonable Assurance that Hopwood Hall College's governance, risk management, and systems of internal control were operating adequately and effectively, and that there had been no instances where any breakdown of control had resulted in a material discrepancy
- No significant control issues were identified in 2020/21 as a result of the work undertaken
- 7 audits had been undertaken during the last academic year, of which 4 received a Substantial assurance, 2 Reasonable and 1 Advisory

- They were able to provide management and the Audit Committee with Substantial assurance that progress with implementing previously agreed internal audit recommendations had been timely and effective
- 92% (11 out of 12) of the previously agreed recommendations were found to have been fully implemented by management
- 8% (1 out of 12) of the previously agreed recommendations were found to have been partially implemented by management

11. Audit and Risk Management Update

The following update was provided to the Committee:

- The HR and Payroll audit was to be undertaken next week
- 19 out of the 21 audit recommendations had been implemented with 2 in progress or not yet due
- The current financial position was strong and better than the original budget forecast
- There were no recommendations from the external audit in 2020/21 following the review in October 2021
- The Management Letter issued by Wylie & Bisset confirmed that there were no unadjusted items or changes to the accounts submitted

11.1 Risk Register Update 2021-2022

The Executive Director Finance, Estates and Risk Management advised that:

- 2 new risks have been added to the register and these were:
- Risk 25 Curriculum - Risk of poor behaviour from students outside of the classroom with change of Student Safety Officers
- Risk 26 Financial & Curriculum - Significant risk of Energy Price increases once out of contract
- The risk in relation to the GMAC portal had been removed from the register as the process on admissions via the portal had been changed and no longer a key risk to the college enrolment process

COVID-19 Risk Register

The Covid-19 risk register had been consolidated into the main College risk register as the restrictions had been lifted and the risks embedded into normal college operations.

Tec Centre Capital Project Risk Register

A separate risk register was in place for the Tec Centre project.

Report of Theft in Riverside Salon

The Committee was informed that:

- A contractor had accessed the Riverside Salon petty cash tin and stole £110 in cash
- The incident had been captured on CCTV and the person responsible identified
- The owner of the company had since terminated the employment of the individual concerned and reimbursed College for the financial loss
- It had come to light that the key had not been locked away and was accessible
- Controls had been tightened and the key was now locked away securely to prevent a similar situation in the future

12 *KPI's (Key Performance Indicators) Update

It was noted that the KPI to achieve an unqualified audit opinion for 2020/21 had been met.

13 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 and Wylie & Bisset confirmed that there were no matters that they wished to discuss with the Audit Committee to the exclusion of College management

14 Date and Time of Next Meeting

Thursday 17th March 2022 at 8.00am

*Standing Item