



HOPWOOD HALL COLLEGE

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THURSDAY 30TH SEPTEMBER 2021

Meeting Commenced: 8.00am

Meeting Ended: 9.45am

Attendance: 66%

Quorum 3

Governors Present:

Greg Walsh (Chair), Cathy Berry, Vanda Hagan, Lee Sugden (Co-opted Member)

In Attendance:

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

1. Apologies for Absence

Apologies were received from Clive Reid and Paul Bevan.

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.

3. Approval of the Minutes – 10th June 2021

Agreed that the minutes of the meeting held on 10th June are approved as a correct record and authorised for publication.

4. Matters Arising from the Minutes

The Action Progress log was reviewed, and it was noted that:

- The Business Continuity Audit would be included in the 2022/23 internal audit plan
- Legal advice on sub-contracting rules had been sought but a response had not been received yet
- College had also asked Tenet to review the procurement requirements as this was quite a complex matter

The Committee stated that the legal advice needed to be received and requested that it was followed up

ACTION:

Executive Director Finance, Estates & Risk Management

5. Internal Audit Reports – ICCA

5.1 External Assurance Sub-Contractor Controls

ICCA reported that:

- At the request of the College and as required by the Education and Skills Funding Agency (ESFA), a review of the College's controls established to manage its sub-contracted provision, was undertaken
- The scope of the review included covering all aspects of the ESFA's 'External Assurance Review of Sub-Contracting'
- The College had two sub-contractors declared on its 2020/21 Sub-Contractor Declaration Form with a total value of £224,508.23
- Most areas were fully complaint, and the majority of recommendations that were made had been implemented
- 2 recommendations had been partially implemented
- Due to the impact of Covid, much of the quality assurance process had been undertaken online

5.2 Follow Up – Previous Recommendations

ICCA reported that:

- In line with the Internal Audit Plan 2020/21, a follow-up review of management progress with implementing previously agreed internal audit recommendations had been undertaken
- The review was completed as part of the annual cycle of audits and was a requirement of the Public Sector Internal Audit Standards (PSIAS)
- ICCA 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
- 12 recommendations were followed-up during the review, and 11(92%) of the previously agreed recommendations were found to have been fully implemented by management
- 1(8%) of the previously agreed recommendations was found to have been partially implemented by management

6. Regularity Self-Assessment Questionnaire 2020/2021

The Executive Director of Finance, Estates & Risk Management explained that:

- As part of the Audit Code of Practice, Governors must complete a Regularity Self-Assessment Report on an annual basis
- Corporations must also provide a copy of their completed questionnaire to the reporting accountant
- Although specific documentation was not required, the accounting officer was

expected to retain a record of work undertaken throughout the year

- In line with the Audit Code of Practice, the questionnaire would be presented to the external auditors during their review of the financial statements for the year ending 31 July 2021

Governor Questions

Q. Were there any areas that management was concerned about and needed to bring to the Committee's attention?

A. Management was content with the controls that were in place and there were no issues to raise

RESOLVED:

The Committee reviewed and endorsed the regularity self-assessment questionnaire

7. Audit & Risk Management Update

Audit Recommendations Monitoring Report

The Executive Director of Finance, Estates & Risk Management confirmed that:

- 19 out of the 21 recommendations had been implemented with the remaining two in progress or not yet due
- The External Auditors were due to be on site next week to commence work on the year end audit
- All key performance indicators were positive and the 90% threshold for the Adult Education budget had been met

Governor Questions

Q. When would the financial health rating be confirmed?

A. This would not be formally confirmed until early next year although College had maintained Outstanding financial health

Risk Register

The Committee was informed that:

- Due to the timing of the Audit Committee meeting, the Risk Management Group had not yet met
- The senior leadership team had met on 15 September to consider all College risks and whether these were still appropriate and the ratings valid
- The Covid risk register had been consolidated into the main College risk register, as the restrictions had been lifted and the risks were now embedded into normal College operations
- The College did still have a covid risk assessment in place
- 3 new risks had been identified and added to the risk register, and these were;
 - Student & Staff welfare - food shortages due to BREXIT/COVID/HGV driver shortages and the impact on Teaching & Learning
 - Finance & Funding - unable to fund the increased staff costs in relation to the significant number of learners with EHCP requiring support
 - Finance & Curriculum - failure to respond to future lockdowns in relation to

Covid19

- 4 risks had been removed as they were no longer considered significant to monitor separately, or the risk no longer existed

TEC Centre Capital Project Risk Register

This register had been included separately for information. The key risk was around the build cost inflation and increase in the overall project cost.

Governor Questions

Q. What type and level of additional support was required for learners with an EHCP (Educational Health Care Plan)

A. This included a wide range of support, and College was under an obligation to accept students with an EHCP

Q. How many staff were deployed to provide the support?

A. Between 40 to 50 staff

Q. What was the current status on enrolment?

A. The ESFA contract target would be met but the curriculum target would not. This was a risk and resources had been adjusted accordingly. Any in-year growth had been not included in the budget forecasts

Q. Was College expecting to receive any additional funding to provide support for missed learning?

A. Tuition fund monies had been confirmed and plans were being made on how this would be utilised

The Committee requested that they were provided with an update on enrolment numbers once the census date had passed.

ACTION:

Director of Performance & Planning

8. AEB Compliance Testing – Letter from GMCA

Governors were informed that:

- The GMCA data & compliance team had selected a sample of 40 of the College's learner records and conducted a review of the full learner journey
- Based on the current findings, an Amber RAG rating had been issued, although this rating could change throughout the year
- The rating was based on numerous factors, including but not exclusively, data quality, attendance and progress
- As College had been graded Amber, the next Compliance Check would be in January/February 2022

Governor Questions

Q. Had any major issues been identified?

A. A number of minor issues were identified in the sample provided with regards to

data quality and documentation. Due to the method of teaching during COVID, the GMCA team were not able to calculate the number of tutor-led delivery hours for some learners

Q. Had the amber rating been questioned or challenged by the College?

A. All GMCA providers had been given at least an amber rating as this was a new process

Q. Had anyone received a green rating?

A. No provider had received this

The Committee noted that as this was a newly introduced process, no provider had been issued with a green rating.

9. Audit Committee Self-Assessment 2020-2021

The Clerk presented the self-assessment questionnaire which was completed by the Committee on an annual basis and provided a summary / checklist of how the Committee had undertaken its remit.

The Committee reviewed the checklist and requested that additional evidence was included to support the commentary and judgements that had been made.

ACTION:

Clerk to update and circulate to Audit Committee Members

10. ESFA Funding Assurance Audit

The Committee was informed that:

- ESFA had appointed PWC to conduct a full Provider Assurance Review for 2020/21
- 60 Colleges had been selected nationally as part of the ESFA annual Provider assurance process
- The review would be taking place this term, but the timing had not yet been confirmed

Governor Questions

Q. How often was this type of audit undertaken?

A. At least every other year but College had not been reviewed for the last 5 years

Q. How had the sample been selected by the ESFA; was it random or risk based?

A. ICCA advised that it was a combination of both. College may have been selected due to an increase in-year growth and the additional income that had been received as a result of this

Wylie and Bissett advised that:

- ESFA now expected the external auditors to review and form a judgement on material income amounts included in the financial statements
- This included income received from ESFA for education and training

programmes

- International Standards on Auditing (ISA's) required external auditors to recognise revenue within an organisation's accounts
- The Funding Assurance reviews performed by the ESFA were not designed to replicate the work of an external auditor
- The work undertaken by Wylie & Bissett would be similar to PWC, but the sample size would not be as large
- There was therefore a possibility that PWC could identify discrepancies that the external auditors may not have done, due to the variations in sample size
- It was also anticipated that PWC would not be able to confirm the outcome of their audit before 31 December 2021
- In view of this, they as Auditors would not be able to sign off the accounts by 31 December 2021
- ESFA were aware that the financial statements may have to be submitted later than the December 31 deadline
- This was an unsatisfactory position, and although the risk of claw back was small, it was important for the Committee to be aware of it

Governor Questions

Q. Would ESFA be able to extend the deadline for the submission of the accounts in view of the PWC audit?

A. The deadline was set by the National Audit Office and ESFA were expected to comply with this

Q. Could Wylie & Bissett include some additional commentary in the financial statements to take account of this?

A. It may be possible to request PWC to provide an indicative opinion so that the accounts could be signed off in time

Q. Would it assist the Auditors to ask ESFA about the criteria for selecting the College and whether this was random, or risk based?

ACTION:

Executive Director of Performance & Planning to contact ESFA

RESOLVED:

The Committee agreed that:

- A solution was needed to ensure that the accounts were signed off and submitted in time
- The external Auditors were requested to put forward some proposals including the addition of some commentary / disclaimer within the financial statements
- This was discussed further at the next meeting

ACTION

- Wylie & Bissett
- Clerk / Committee Agenda

11. ESFA - Supplementary Bulletin to College Accounts Direction July 2021

The supplementary Bulletin to College Accounts Direction 2020-21 and Post 16 Audit code of Practice was presented.

RESOLVED:

The Committee reviewed and noted the contents of the Supplementary bulletin

12. Date and Time of Next Meeting

Thursday 18th November 2021 at 8am

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.

The Auditors confirmed that there were no issues they wished to bring to the attention of the Committee.

Chair's Signature:
Date: