



**HOPWOOD HALL COLLEGE FURTHER EDUCATION**  
**MINUTES OF THE AUDIT COMMITTEE MEETING**  
**HELD ON THURSDAY 10<sup>TH</sup> JUNE 2021**

**Meeting Commenced: 8.00am**  
**Meeting Ended: 9.15am**  
**Attendance: 100%**  
**Quorum 3**

**Governors Present:**

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

**In Attendance:**

Jo Bentley            Executive Director of 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**

There were no apologies to receive.

**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. 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 & Bissett confirmed that there were no matters that they wished to discuss with the Audit Committee to the exclusion of College management.

**4. Approval of the Minutes – 29<sup>th</sup> April 2021**

**Agreed that:** the minutes of the meeting held on 29<sup>th</sup> April 2021 are approved as a correct record and authorised for publication

**5. Matters Arising from the Minutes**

There were no matters arising from the minutes

## **6. Internal Audit Plan and Updated Strategy 2021/2022– ICCA**

ICCA presented the audit plan and strategy for 2021/2022 and the following points were highlighted to the Committee:

- The revisions and subsequent impact of the Post 16 Audit Code of Practice had been taken into account when developing the audit strategy
- The audit strategy was flexible and would be tailored as appropriate to ensure it met any future revisions to the Post 16 Audit Code of Practice
- the Audit Plan and Updated Strategy
- In developing the plan and strategy:
- As part of developing the plan, ICCA had obtained a copy of the College's Strategic Plan, latest risk register, latest management accounts, and funding performance report to gain an understanding of the College's current performance
- The 2021/22 plan would cover the following areas:
  - AEB Strategy
  - H.E. Systems and Processes
  - Financial Planning and Budgetary Control
  - External Assurance / Sub-contracting Controls
  - Marketing Strategy
  - HR & Payroll
  - IT / Data Security
- 33 days had been allocated for the above work

### **Governor Questions**

**Q.** Was a review of adherence to public procurement regulations included in the sub-contracting audit?

**A.** This would not be reviewed but the audit would check that College had sought legal advice in relation to the sub-contracting rules. The main focus of the audit would be compliance against ESFA regulations

A Governor suggested that College needed to ensure that legal advice on sub-contracting had been sought and received.

### **ACTION:**

- Executive Director of Finance & Estates to follow up
- Clerk to add to Actions Progress log

**Q.** Would the data security audit include disaster recovery planning?

**A.** ICCA stated that they were not proposing to include this

**Q.** Would it be useful to undertake a review of business continuity and lessons learnt from the last 18 months so that the Committee could receive the additional assurance?

**A.** The Executive Director of Finance & Estates proposed that this was included in the 2022/23 plan

**Q.** Had College taken legal advice on whether insurers were correct in refusing to

cover financial losses due to Covid 19 as part of business interruption cover?  
**A.** This would be checked with Eversheds

**RESOLVED:**

The Committee agreed that the plan was submitted to the Board for approval.

**ACTION:**

- ICCA to amend audit plan to confirm that IT audit only covered data security
- Head of Governance to include Audit Plan on Board agenda
- Business Continuity audit to be included in the 2022/2023 audit plan
- College to check with Eversheds re business interruption cover

**7. External Audit Planning Report – 2020 / 2021 Audit - Wylie & Bissett**

Rory McCall from Wylie & Bissett presented the report and explained that:

- The scope of the audit would be similar to last year including the financial reporting
- The updated Post-16 Audit Code of Practice stated that whilst the ESFA would notify Corporations and auditors of the value of their main funding grants, the responsibility for the accuracy of the claims resided with the Corporation
- The statement provided would not constitute assurance over earned funds
- As audit assurance had previously been taken from this ESFA statement, the audit approach would be adapted in this area
- Assurance over the applicable funds would be gained by increasing the level of substantive testing, to be undertaken in August 2021
- The specific approach would be finalised and communicated on receipt of a guidance update from ESFA which was expected over the summer
- This would incur an additional cost and the level of testing required, and the cost, could not be determined until release of the ESFA Guidance update
- Wylie & Bissett would review the going concern position of the college and assess the adequacy and completeness of any additional disclosures made in the financial statements to ensure that these were appropriate based on the impact of Covid-19
- The nature and scope of the audit for Quest Pennine Ltd would be similar to last year

**Governor Questions**

**Q.** Had the additional work in relation to funding assurance been scoped and how long was this anticipated to take?

**A.** It was anticipated that this would take 2 to 3 days and the timing would need to be agreed with the College

In response to a question from the Clerk regarding the additional requirement for Auditors to present the Audit Findings report to the Board, Wylie & Bissett advised that their understanding was that this was not necessary as long as other Board members were present at the Audit Committee when the report was presented.

**ACTION:**

Wylie & Bissett to email ESFA advice note to Clerk

**RESOLVED:**

That the Audit Planning report be received and noted.

**8. Risk Appetite Statement**

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

- The risk appetite statement had been revised to take members comments into account
- In general, the College had a low appetite for risk, as this would be the approach expected from a publicly-funded Further Education institution
- However, in some areas of activity, the College may wish to adopt a more open attitude to risk than might be usual
- A Risk Appetite Framework had also been developed and the College was proposing to incorporate this within the College's Risk Management Policy together with the risk appetite statement.

**RESOLVED:**

Members endorsed the risk appetite statement and framework and agreed that it was recommended to the Board and included in the Risk Management Policy.

**9. Audit & Risk Management Update**

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

- 3 audits were due to be undertaken in this term and the reports would be presented in September
- 32 out of the 34 recommendations on the Audit tracker report had been implemented with 2 in progress
- Based on the financial forecast submitted to the ESFA as at 31 January 2021, the financial health grading had been lowered from "Outstanding" to "Good"
- The projected under delivery of AEB income had moved the college into 'Good' financial health as at that point, there was no confirmation of 'In year' Growth However, following submission, the college had received confirmation of the 'in year' growth which moved the college back to 'Outstanding'
- The College had spoken to ESFA and challenged the current financial health grading given the exceptional nature of the income received post 31 January Whilst the ESFA appreciated the change of funding, there was no formal moderation of the financial health on forecast figures unless graded 'Inadequate' They were not able to amend this position until the Autumn term once the year-end financial statements were submitted
- The number of high risks had increased to 14
- 2 additional risks had been added to the register and these were;
  - Failure to recruit to the vacant Curriculum Director posts
  - Failure to successfully re-register as a provider for Apprenticeships (RoATP)
- It was envisaged that by the new academic year, the Covid Risk register would be consolidated into the main college risk register, as restrictions lifted

- and risks became embedded into normal college operation
- Apprenticeship income was on target and the risk to the Adult Education budget had decreased
  - The Health and Safety Executive (HSE) had undertaken a Covid health and safety assessment via telephone which included infection control arrangements and safety of students both in College and when at home
  - No further actions were currently required as a result of this assessment

### **Governor Questions**

**Q.** Would the change in the financial health rating affect the College negatively in any way?

**A.** This did not pose a risk and would not prevent the College in going ahead with its plans. The ESFA had confirmed that they did not have any concerns about the change and the position would revert back to Outstanding once the year-end position had been confirmed

A Governor stated that the application system for inclusion on the Apprenticeship register had also changed and was a significant risk. The penalty if unsuccessful was more severe as it would not be possible for a provider to take on any apprentices for 12 months. There was no guidance available on completing the application and this was also an issue.

The Executive Director of Performance & Planning stated that College had put a number of mitigating actions in place to ensure that the application was successful.

A Governor suggested that the number of Top Risks had increased from 11 to 14 on the risk register and was high and recommended that this should be reviewed, so that management could focus on mitigating the extremely severe risks, and where the likelihood of occurrence was high.

### **ACTION:**

Executive Director of Finance & Estates to review severe risks

## **10. Date and Time of Next Meeting**

Thursday 23<sup>rd</sup> September 2021 at 8.00am