



**HOPWOOD HALL COLLEGE
MINUTES OF THE AUDIT COMMITTEE MEETING
HELD ON 17TH NOVEMBER 2022**

Meeting Commenced: 8.00am

Meeting Ended: 9.45am

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 had been received from Lee Sugden and Chris Ogbekhiulu.

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 – 21st September 2022

Agreed that: the minutes of the meeting held on 21st September 2022 are approved as a correct record and authorised for publication

4. Matters Arising from the Minutes (Action Progress Log enclosed)

The Action Progress log was reviewed and it was noted that all actions had been implemented or included on the agenda.

5. ESFA Funding Audit Update

Discussed under Reserved Business.

6. Audit Committee Annual Self-Assessment

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.

It was noted that some additional sections had been added which had been recommended as good practice in a guidance document from Delloitte.

RESOLVED:

Governors endorsed the self-assessment document and agreed that it was an accurate reflection of the Committee's work over the last 12 months.

6.1 Committee Terms of Reference Review

RESOLVED:

The Terms of Reference were reviewed and re-adopted for the 2022/23 academic year.

The Clerk advised that the Whistleblowing Policy should be updated and reviewed by the Committee at the next meeting.

ACTION:

- Management to update the policy
- Clerk / March 2023 Agenda

7. Audit Committee Annual Report 2021/22

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 Clerk suggested that some additional commentary was included in the report regarding the ESFA funding audit

ACTION:

Clerk to provide some wording to include in the report

RESOLVED:

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.

8. 2021/22 Audit Management Letter & Regularity Audit Opinion

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

- The underlying operating position of the College (after pension costs and capital grants) was a surplus of £139k
- The pension scheme was showing an actuarial gain for the first time but this could not be recognised in the financial statements as it was not a recoverable asset

- It was anticipated that an unmodified audit opinion would be issued subject to authorisation of the financial statements by the Members of the Corporation
- There were no issues to report in relation to the regularity opinion
- No control recommendations had been made in relation to the year ended 31 July 2022
- No recommendations had been brought forward from the prior year audit
- The Auditors were content that the outcome of the PFA audit would not have any impact on the balance sheet
- There had been no audit adjustments and there was nothing to draw to the Committee's attention in relation to audit risks

The Committee agreed that the report was positive and thanked the Finance Team for their co-operation with the Auditors.

RESOLVED:

That the report be received and noted

8.1 Hopwood Hall College Draft Report and Financial Statements 2021-2022

The report and financial statements were presented and Wylie & Bisset advised that College was in a good position financially and in their opinion, was a "Going Concern".

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.

RESOLVED:

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

9. Quest Pennine Ltd Audit Management Letter

Wylie & Bisset presented the report and confirmed that an unqualified audit opinion had been issued with no recommendations. One adjustment had been made for bad debt provision but it had no impact on the overall profit for the year.

9.1 Quest Pennine Draft Report & Financial Statements 2021/22

The Committee received and considered the Financial Statements for the year ended 31 July 2022.

Wylie & Bissett reported that a profit of £109,000 had been generated in 2021/22 and had increased from the previous year. The net position was break-even as the profit was gift aided to the College

The Executive Director Finance, Estates and Risk Management reported that gym membership numbers and lettings income had returned to pre-pandemic levels and this was positive.

RESOLVED:

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

Governors thanked the Executive Director Finance & Estates and her team for all their hard work this year and agreed that the out-turn was excellent.

9. Internal Audit Report

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

10.1 GDPR

- The review sought to provide assurance that the College had taken the necessary steps to ensure compliance with GDPR
- A Reasonable Assurance opinion had been issued
- A total of 7 recommendations had been raised of which 1 was medium priority, 5 low and 1 advisory

Governor Questions

Q. Did the section regarding individual rights also need to be included in the privacy policy?

ACTION:

College / ICCA to check

Q. Did ICCA have a view on who should be the Data Protection Officer?

A. This had been discussed with the College previously and a recommendation made that it needed to be someone independent of the Senior Management Team

A Governor suggested that there were external consultants available that could undertake the Data Protection role on behalf of the College.

Q. Was mandatory Data Protection training offered to staff at induction?

A. It was offered at induction but not refreshed and management had accepted the audit recommendation to refresh the training every 2 years

10. Counter Fraud Strategy

The Committee was informed that the counter fraud strategy had been developed to comply with the requirements of the Audit Code of Practice.

Governors reviewed the strategy and it was suggested that:

- Item 10 was expanded to state that Action Fraud would be notified where the cost of any fraudulent activity exceeded £10,000
- The fraud checklist was incorporated into the policy and completed on an annual basis

RESOLVED:

The Committee approved the draft strategy subject to the amendments proposed.

ACTION:

Executive Director Finance & Risk Management to update the strategy

11. Audit & Risk Management Update

The following update was provided to the Committee:

- 1 audit had been undertaken and the next one was due to be completed at the end of November 2022
- An audit of Apprenticeship risks and controls was to be undertaken in March 2023
- There were 19 recommendations on the action tracker, of which 6 had been implemented, 10 were not yet due and 3 had been deferred
- College had received confirmation from the ESFA that it continued to remain in 'Outstanding' financial health based on the CFFR and the 2020/21 accounts

Risk Register

The Committee was informed that:

- There were 22 corporate risks on the risk register
- 1 new risk had been identified since the last meeting and 3 risks removed as they were no longer applicable
- The future risk of possible energy outages and impact on business continuity had been added as a new risk
- The financial risk register has also been updated for the new financial year and be monitored by Employment & Finance Committee

Governor Questions

- Q.** Had the changes in funding bands for Apprenticeship income been factored into the financial risks?
- A.** This needed to be clarified. A tolerance of £100k had been included in the budget for apprenticeship income

12. *KPI's (Key Performance Indicators) Update

It was noted that the two KPI's; to achieve an unqualified audit opinion for 2021/22 and Outstanding financial health 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 & Bissett 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

Wednesday 15th March 2023 at 8.00am