HOPWOOD HALL COLLEGE

MINUTES OF THE AUDIT COMMITTEE MEETING
HELD ON THURSDAY 22ND JUNE 2023

Meeting Commenced: 8.00am
Meeting Ended: 10.00am
Attendance: 100%
Quorum 3

Governors Present:
Clive Reid (Chair), Cathy Berry, Greg Walsh

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.   Meeting between the Auditors and the Audit Committee

Committee members met with the Internal and External Auditors without the presence of College management. The Committee invited the Auditors to provide an update on how the audits had progressed this year and if there were any issues they wanted to raise directly with them.

ICCA stated that they had a good relationship with management who were open and transparent in their dealings with them and they had no concerns to raise.

ICCA suggested that it would be good practice for the Committee to receive some presentations from other senior managers on key areas in the risk register.

RESOLVED:

The Committee agreed that a presentation on Cyber Security risks and Apprenticeship provision controls was included on the agenda for next academic year

ACTION:

Clerk / Add to Action Log and arrange for invitations to be sent

Wylie & Bissett reported that they also had a good working relationship with the management team and the quality of information received for the financial

statements and year end audit was always of a high standard. There was a new Finance Manager in place and they were working with them on plans for the upcoming year end audit.

The Committee queried if the ONS re-classification would have any impact on the work to be undertaken, and Wylie and Bissett advised that they did not foresee any changes from a financial reporting aspect.

2. Apologies for Absence

There were no apologies to receive.

3. 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.

4. Approval of the Minutes – 15th March 2023

Agreed that: the minutes of the meeting held on 15th March 2023 are approved as a correct record and authorised for publication

5. Matters Arising from the Minutes

The Action Progress log was reviewed and it was noted that all actions had been completed or were in progress.

6. ESFA Funding Audit Update

Discussed under Reserved Business.

6.1 Exams Inspection – Pearson/JCQ Report

The Committee considered the report from the recent inspection that had been undertaken by Pearson. It was noted that:
- Pearson had made an unannounced visit to inspect the conduct of the GCSE Maths Paper 1 exam
- 1400 students had taken the exam and all exam processes and policy documents had been reviewed
- All areas were found to be compliant and no issues had been raised
- The College had received positive feedback from Pearson in their visit report

The Committee agreed that this was a very good outcome in light of the very large number of students involved and the College having to make use of off-site locations.

7. Internal Audit Reports

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

7.1 External Sub-Contracting Assurance

- As required by the Education and Skills Funding Agency (ESFA), ICCA undertook a review of the College's controls, established to manage its sub-contracted provision in 2022/23
- The scope of the review included covering all aspects of the ESFA's Sub-contracting Standard
- The College had five sub-contractors declared on its ESFA 2022/23 'Sub-Contractor Declaration Form', with a total value of £306,930
- Nearly all areas were found to be complaint and 2 recommendations had been made, of which one was advisory
- Hopwood Hall had fairly low levels of sub-contracting activity in comparison to other Colleges
- The College did not sub-contract its Apprenticeship or 16-18 provision,
- Only Adult provision was sub-contracted and most of the sub-contractors used were located within the Borough
- Under new ESFA requirements, sub-contracting reviews would now be undertaken on a 3-year cycle

7.2 Study Programme Tutorials

- The review considered the study programme tutorial framework, including the value this brings to the students and the College
- It had also considered how the College utilised the additional 40 hours of study programme funding to promote the development of the Personal Development curriculum though in class and digital tutorials
- A Substantial Assurance opinion had been issued with one medium and one low recommendation

7.3 Kit Shop Review

- A review of the Kit Shop had been carried out as it represented approximately £200k of income for the College
- The review had assessed the systems and controls in operation over income collection, stock controls, buying and ordering
- A Substantial Assurance opinion had been issued with one medium and one low priority recommendation
- It was recommended that the College undertook a review of the current stock control processes with a view to bringing in some form of electronic system
- This would provide real time updates on stock levels of individual items and could then link into the ordering process, based on data, rather than assumptions and experience of the staff
- A system which used bar code scanning would enable the Student and College Services staff to scan stock in as it arrived and scan stock out as sales were made by students and staff

Management stated that:
- There may be an existing system within College that could be used for the stock control process
- Bringing the service in-house had provided the opportunity for the College to utilise its Bursary funding internally, rather than distributing it to an external third-party supplier

- Savings could also be passed directly to learners

Governor Questions

Q. Had there been any complaints from students regarding the quality of the kit?
A. It was confirmed that no complaints had been received

8. **Internal Audit Plan 2023/ 2024**

ICCA presented the audit plan and strategy for 2023/2024 and the approach used to develop it. This included
- Obtaining a copy of the College's Strategic Plan, latest risk register, management accounts, and funding performance report
- Completing an organisational assessment of risks, performance and gaps in assurance in conjunction with management
- Considering the strength of existing controls (utilising available sources of assurances including previous internal audit reports, funding body reports, Ofsted, College finance record, etc.).
- Meeting with the College to discuss the assurance needs for 2023/24
- Mapping the results of the assessment and the College's identified risks with potential auditable areas

The 2023/24 plan would cover the following areas:
- Safeguarding
- HR Strategy & Performance Management
- Digital Learning Strategy
- Examinations
- Risk Management

The Clerk advised that it had been suggested at the May Board meeting that an audit of safer recruitment practices was undertaken as this had recently been introduced as a new requirement.

In response to a question about the review of Apprenticeship controls, ICCA advised that the report on this would be presented at the next meeting of the Committee in September.

RESOLVED:

The Committee discussed and agreed that a separate review of Safer Recruitment practices was added to the plan as there was a risk associated with this and that additional days were allocated for this.

ACTION:

The Committee agreed that the revised Internal Audit Plan was recommended to the Board

9. **External Audit Planning Memorandum – 2022 / 2023**

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 Wylie & Bisset audit approach was risk based and focused on the key risks facing the College
- The most efficient approach would be to adopt a substantive approach rather than placing reliance on the internal controls in operation
- at Hopwood Hall College
- It was highly likely that the pension liability would be recorded as an asset for this financial current year
- The audit reporting timetable had been brought forward slightly this year

Quest Pennine

- The nature and scope of the audit for Quest Pennine Ltd would be similar to last year
- As a company, the accounts of Quest (Pennine) Limited would be prepared under the Companies Act legislation 2006 and in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP)
- The audit would be performed so as to provide reasonable assurance that the financial statements were free of material misstatement and gave a true and fair view

RESOLVED:

That the Audit Planning memorandum be received and noted.

10. **Cyber Security Questions for Governors & Leaders**

Members were informed by the Clerk that:
- Cyber security continued to be a high priority for the F.E. sector, and the questions had been provided by JISC to help Colleges in strengthening their cyber security posture
- The Committee was requested to consider using the questions to assess the College's position on cyber security
- Management could also use the document to provide assurance to Governors on how the College was mitigating against the cyber risks and threats

Governor Questions

Q. Did the College send out its own phishing emails to test the robustness of the system?
A. It was confirmed that this had recently been undertaken. Training on cyber security was also to be provided by Greater Manchester Police during the Training and Admin week in July

RESOLVED:

Members agreed that the Head of IT was invited to present the College's response to the cyber security questions

ACTION:

Clerk / Audit Actions Log

11. Counter Fraud Strategy

The meeting was informed that
- The strategy had been previously discussed by the Committee and summarised the College's approach to managing and preventing fraud
- It applied to all staff, managers, and Governors of the College
- The primary aim of the strategy was to prevent fraud from occurring

Governor Questions

Q. Did the scope of the strategy include sub-contracting provision?
A. It was confirmed that it did

A Governor suggested that some additional detail was included in Sections 5.1 to 5.4 to provide greater clarity

It was also suggested that the full job title of the third Executive Director was added to Section 5.6

RESOLVED:

The Committee approved the Counter Fraud strategy subject to the amendments proposed

12. Committee Terms of Reference - ONS Reclassification Amendments

The Clerk advised that some minor amendments were being proposed to the Terms of Reference to ensure they aligned with the new requirements as documented in the "Managing Public Money" document.

RESOLVED:

The Committee approved the updates to the Terms of Reference and agreed that they were recommended to the Board.

13. Financial Regulations – ONS Reclassification Amendments

The Executive Director of Finance, Estates & Risk Management advised that the financial regulations had been updated to ensure that they met the new requirements following the ONS re-classification of Colleges.

The key changes were highlighted to the Committee and a Governor suggested that the wording of section 35 was amended to provide greater clarity.

RESOLVED:

Members agreed that the updated Financial Regulations were recommended to the Board subject to the amendments suggested

14. GDPR Annual Update

The following update was provided by the Executive Director Performance & Planning:

- The Data Protection Policy was reviewed by the GDPR Systems Development Group on an annual basis
- Alongside Cyber Security awareness, GDPR formed part of a regular cycle of staff briefings, awareness campaigns and reminders on the importance of complying with GDPR requirements
- An annual audit check was conducted to ensure that all databases and data files were registered on a checklist with further checks to ensure all data was held securely and in accordance with the Policy
- There had been three data breaches since March 2021, and staff were reminded of complying with the data breach policy as part of GDPR training

15. Audit & Risk Management Update

The Executive Director Finance, Estates & Risk Management reported that:
- There were currently 21 recommendations on the Audit Actions tracker of which 13 had been implemented, 6 were not yet due and 2 had a revised date
- They would remain in the tracker until Internal Audit had confirmed they were completed
- There were now 26 Corporate risks on the risk register
- 1 Risk has been removed which was risk to recruitment due to implementation of the new website as the new website has now been fully implemented
- 4 new risks had been added to the register since the last meeting and these were:
  - Risk 23 – Impact of Artificial Intelligence(AI) on coursework and use in teaching & learning
  - Risk 24 – Significant growth in Apprenticeship programme in 2023/24
  - Risk 25 – Risk of non-compliance with Examining bodies due to significant expansion of exam numbers(increased frequency & volumes growth of learners)
  - Risk 26 – Rochdale B block Capital Project does not go ahead or is significantly delayed- impact on learner experience/IT/M & E building running costs.
- The Ofsted risk had been reduced to Moderate as the College had been inspected in April

16. Date and Time of Next Meeting

Thursday 21st September 2023 at 8.00am

It was noted that this was Greg Walsh's last meeting as a member of the Audit Committee. Members thanked Greg for the substantial contribution that he had made to the work of the Committee over the last few years.

The Committee also thanked Patrick Clark from ICCA for his assistance and support and wished him well in his new job.

*Standing Item

Chair's Signature:

Date: 12 . 10 . 23