



**MINUTES**  
**of the Audit Committee**  
**held remotely on Monday 28 March 2022**

Present: - Tony Ford (Chair)  
Tony Bramley  
Julia Cotton  
Kevin Tong (Co-opted Member)

In attendance: - Edward Gwillim (Director of Finance)  
Clare Perez (Head of Finance)  
Linda Watkins (Clerk to the Corporation)

The Audit Committee was quorate as four members were present. The Chair welcomed everyone to the meeting, particularly Tony Bramley, a new member. Introductions followed.

- |  | <b>Action</b> |
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| <p>1. <b>Apologies for Absence</b><br/>Apologies were received post-meeting from Cllr Sebastian Bowen (Co-opted Member).</p>   |               |
| <p>2. <b>Declarations of Interest</b><br/>There were no declarations of interest.</p>  |               |
| <p>3. <b>Approval of the Minutes of the Meeting</b><br/>The Chair signed the minutes of the meeting held on 29 November 2021 as a true and accurate record.</p> <p><u>The Committee agreed:</u> -</p> <ul style="list-style-type: none"><li>• To approve the minutes</li></ul>   |               |
| <p>4. <b>Internal Audit Progress Reports</b><br/>RSM presented the following reports.</p> <p>I. The progress report outlined progress against the audit plan including client briefings which were presented for information. The HR report had subsequently been finalised and issued with papers. All audits on target for completion within the plan. Briefings were provided including a comprehensive update on cyber security and how to be 'scam savvy', and for higher education regarding the OfS and TEF consultations. This covered assessing graduate level jobs 15 months after</p> |               |

graduation, achievement of the same qualification for all students regardless of their entry level qualification or background. There was a question if a briefing had been presented to the Q&S Committee noting that this had not been reported. There are very small numbers of HE students who are either subcontracted or part of Worcester University.

RSM had been audited with an External Quality Assessment against the Institute of Internal Auditor's Standards to review the processes and practices of the internal audit function. RSM had achieved the highest-level outcome with congratulations recorded.

- II. Risk management and assurance arrangements were given substantial assurance with five low-level recommendations. There are 11 Faculty risk registers with a sample tested showing that some of these had not been updated for over 12 months. The College does not have a risk assurance framework which would map risks and mitigations against assurance. This would be discussed later on the agenda.
- III. Estates and capital management arrangements was given reasonable assurance with three medium and three low-level recommendations. A Governor asked how maintenance tasks are prioritised and recorded noting that these are recorded manually and time consuming. IT systems to track these are being investigated.
- IV. Governance processes audited the College's arrangements to comply to the revised AoC Code of Good Governance which was updated earlier this year. This was given substantial assurance with one medium and four low-level recommendations. Governors have a new principal responsibility to oversee the design of a robust environmental sustainability strategy which management had accepted as an area to progress. Sustainability is also part of the strategic plan. A Governor mentioned the Herford Climate Board who are interested to work with the College. The Clerk confirmed that the S&G Committee have reviewed progress against the Code. A separate sustainability audit would be introduced into the audit plan in future which was proposed in 2023/24.
- V. HR controls focused on recruitment and selection processes covering legislative checks. Substantial assurance was given with two medium and two low-level recommendations. There were some areas of non-compliance against the recruitment policy. A more formal and detailed probation procedure would be embedded throughout the College. A Governor referred to the 15 samples where there were three cases whereby one reference was obtained prior to starting employment. RSM was requested to check if these were

obtained in advance. [Post meeting RSM confirmed that all 15 sampled had two references on file at the time of the audit; the issue being that references were not obtained prior to interview in accordance with the College's current policy. The College is planning to change the policy]. A Governor commented that the probationary period at Oswestry Campus and Walford Campus was different enquiring if there were other areas with different procedures. The majority of procedures have been amalgamated.

- VI. Benchmarking report 2020/21 showed the number and level of recommendations made at HLNSC compared with RSM's clients in the sector. In future numbers of reports would be added in addition to percentages. The College is broadly in line with FE sector clients achieving the second audit annual opinion which matched 87% of other colleges. A Governor asked about improvement opportunities noting that it was anticipated that a board assurance framework would improve this.

The Committee agreed: -

- To note the internal auditor's report
- To congratulate RSM on the excellent achievement from their External Quality Assessment
- The benchmarking report was extremely useful

#### **6. Audit Recommendation Tracking Report**

This showed recommendations which have been completed in a separate tab to those which remain ongoing. RSM follow up audit will be undertaken later this year which will provide an independent progress report to the Committee against actions.

The Committee agreed: -

- To note the tracking report showing a number of actions had been completed

#### **7. Risk Management Register**

The Director of Finance reported that the risk register included the new strategic objectives. Progress against risks was reported to date. Funding and income remains the most significant risk. The College has a strong balance sheet forecasted for next year; however, if enrolments remain at this year's level it will be necessary to reduce costs. The risk of the impact of Covid-19 has reduced. A new risk (11) has been added regarding the inability to recruit sufficient staff. To mitigate this the College is publicising employment benefits with an aim to keep pay rates competitive which are low compared with the education sector.

There was a suggestion to introduce a front page highlighting changes to scores, new or removed risks.

The Committee agreed: -

- To note the risk register

**8. Briefing on the risk assurance frameworks**

RSM gave a presentation outlining the Audit Committee's role in accordance with the Post-16 Audit Code of Practice. The Committee is required to provide an opinion to the Corporation on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes.

Risk is monitored by the impact and likelihood of the risk. A Board assurance framework would identify the risk, cause and effect whilst monitoring levels of assurance. These are 1<sup>st</sup> line (function/department), 2<sup>nd</sup> line (organisation oversight) and 3<sup>rd</sup> line (independent assurance).

RSM have recommended using an assurance framework which would provide a clear direction of travel and build in assurance.

The Committee agreed: -

- To thank Louise Tweedie for the useful presentation on Board assurance frameworks
- To support development of a Board assurance framework

**9. Any Other Business and comments**

No items.

**10. Date and time of next meeting**

The next meeting of the Audit Committee was arranged for Monday 13 June 2022 commencing at 4.00 pm.

**Signed as a true record of proceedings**

**Chair:** ..... **Date:** .....