

Minutes of: Audit Committee

Date: 15th April 2024 4pm **Location:** Principal's Office, Hereford Campus

Present	Attending
Tony Bramley (Chair of Committee) Tony Ford (Co-opted Member) Gillian Herbert	Helen Cargill (TIAA) Rebecca Semple (Clerk to Governors) Rob Lawson (AoC External Consultant – online – observing) Ed Gwillim (Director of Finance) Clare Perez (Head of Finance)
Quoracy: Meeting was quorate	

1. **Apologies for Absence** – apologies received from Jon Marchant (Mazars), Kevin Tong (Co-opted Member)
2. **Declarations of interest** – no new declarations
3. **Minutes of last meeting**
 - a. **Approval of minutes of meeting held 27th November 2023** – minutes were approved as a true and accurate record
 - b. **Matters arising (not otherwise on agenda)**
 - Estates Strategy - the Director of Finance updated that the Estates team has recently been expanded, allowing increased capacity to manage the large amount of data involved in this work, and expects this to enable an Estates Strategy timeline to be produced by the end of the year
4. **Internal Auditor's report 2023/24** - the TIAA representative presented these reports, highlighting key areas:
 - a. **Assurance Review of Risk Management - Business Continuity**
An overall assessment of Reasonable Assurance was awarded, with three Priority 2 recommendations made: reviews of the Business Continuity Plan (BCP) and the IT Incident Management Policy, and desktop testing of the BCP. The Director of Finance confirmed that both reviews were in process, and that team were working in coordination with the insurance brokers to run a test later in the summer term. The Committee asked for the test to be completed and reported to next Audit Committee meeting (26th June), and asked for confirmation that the BCP review was on track for completion by July 2024 (confirmation of which was provided by the Director of Finance). Two low priority recommendations were also made, both of which the Director of Finance confirmed would be complete by July 2024.
Decision: the Committee agreed to note and accept this report
 - b. **Implementation of New Payroll System**

An overall assessment of Substantial Assurance was awarded, with no recommendations made.

Committee Members requested increased detail from TIAA on the findings around parallel runnings of systems, what was examined as part of auditing the testing of the new system, and of any Absence Management system issues raised as part of the Audit. TIAA agreed to provide some further detail by email before the next meeting following the meeting.

Action: TIAA

The Director of Finance outlined to the Committee the challenges faced by college payroll systems in incorporating the range of contracts, course dates and other variables that exist in FE/HE organisations. He confirmed to the Committee that the reporting function of the new system is much improved, and that the transition was smooth and well-managed by the teams involved.

Decision: the Committee agreed to note and accept this report

c. Progress report and sector briefing

TIAA reported that the level 1 cybersecurity recommendations made have now been addressed, and that a formal follow-up report would be presented at the next Audit Committee meeting. The Prevent audit is in its final stages, and all other outstanding audits are due for completion by early June. No frauds or irregularities have been reported to TIAA. The Committee commented that the current audit schedule resulted in a large proportion of the reports being completed at the end of the cycle, giving a potentially heavy meeting in June. TIAA confirmed that the 2024/25 schedule would commence earlier.

Action: Clerk and Chair to discuss June meeting format to enable all remaining audits to be effectively considered and discussed

TIAA reported that Cybersecurity remains a key current sector issue, and that staff awareness of Whistleblowing policies was now also being highlighted. The Committee agreed that the HLNCS Whistleblowing Policy should be reviewed in the light of this, and the Clerk agreed to pass on this request and the supporting advice and guidance links from TIAA to Personnel. The Committee Chair asked the Clerk to provide the Alerts and Insights section of the report to all Board Members as a standard process

Action: Clerk

TIAA noted an increase in fraud within the FE sector, particularly via procurement fraud, selling of physical items online, and use of AI to improve style of fraudulent communications and phishing emails, and a discussion was held around this.

TIAA advised that updated guidance around Freedom of Speech for HE providers is in final development stages, and likely to involve OfS in terms of regulation of resulting requirements. The Committee agreed that this should be raised for Board awareness, as advance warning of this guidance potentially leading to new requirements.

Action: Chair

5. Audit Recommendation Tracking report

The Committee Chair commended the Director of Finance and Officers for the considerable work done to reduce this list, and highlighted some key areas to the Committee.

- Estates and Capital - Director of Finance agreed that drafting of an Estates Strategy was now possible, with July 2025 as a realistic completion date. The Committee asked the Director of Finance about the prioritisation of this work, and agreed that the current completion date should be raised at Board level for awareness.

- Sustainability Policy review – the Director of Finance confirmed that work was on track, with the Holme Lacy estates work being a key contributor
- Cybersecurity – the Director of Finance confirmed that this was in progress
- Business Continuity - in progress as discussed above

6. **Sub-contracting provision** – the Director of Finance provided a verbal update. Subcontracting has been reduced this year. The college only subcontracts AEB (Adult Education Budget) funded work. For this funding stream the college is given an allocation by the ESFA and is required to deliver courses to the value of at least 97% of this allocation to avoid an in-year claw-back of the grant funding. The current level of subcontracting, combined with the college's in house delivery, is predicted to be comfortably over this threshold.

A Committee Member asked about retendering provision, and the Director of Finance confirmed the retendering process went to F&E Committee in March 2024. TIAA confirmed that they are comfortable with the retendering arrangements as currently designed.

7. Risk Management

a. Risk Register

The Committee was asked to particularly note those where risk has significantly changed:

- **Retention , achievement and attendance rates decline.** The Director of Finance confirmed noted an increase in response to a rise in student discipline problems, and noted more funding received for vulnerable students.

Decision: the Committee agreed this should be flagged to Board as an increased risk

- **Inability to recruit sufficient suitable staff** – decreased risk noted. The Director of Finance confirmed that recent extra government funding has made a difference here

The Director of Finance confirmed no other significant concerns within the Risk Register.

Decision: the Committee agreed to note report and recommend to Board for noting

b. Draft Board Assurance Framework (BAF)

The Committee Chair thanked the Director of Finance for his work to initiate and develop the BAF, and the Committee commented positively on the simpler and more visual version presented.

The Committee Chair and Director of Finance reminded the Committee that the BAF takes the top ten risks to the college, categorised according to the Strategic Plan, and allocates each to an appropriate Committee as a standing item for Committee Meetings (and for formal discussion where Assurance Level is below level 3). The Audit Committee role in the BAF is to sense-check and monitor, and to receive updates from Committees on their area of responsibility.

The Committee Chair commented that the BAF still appears more finance-driven, and noted a desire to move to quality of provision being the lead driver of the framework.

The TIAA queried need for a key, which the Director of Finance agreed to add.

Action: DoF

8. **Post-16 Audit Code of Practice 2023/24 (updated)** – The Committee noted the recent changes made to this guidance. The Director of Finance confirmed changes contained nothing significant for Board /Committee to address. Some changes were welcomed by the Finance Team as a potential improvement to the efficiency and ease of the audit process.

9. Any other business

a. Committee agreed issues to highlight to Board should include:

- Estates strategy timing
- Cyber Security remains a risk
- Freedom of Speech – impending regulation
- Board Assurance Framework

10. Date and time of next meeting: 4pm 10th June 2024

Meeting closed at 4.55pm

Minutes approved: Date:.....