MINUTES

Directorate: **Governance**

Minutes of: **Audit Committee**

Date: **23 November 2022** **Time: 09.30**

Venue: **Online via MS Teams**

Present:

Nasim Khan (NK)	Governor (Chair)
Tracey Critchley (TC)	Governor
Ketan Sheth (KS)	Governor
Steven Cochran (SC)	Governor *(online via MS Teams)*
Present for item 13 onward	
Alasdair MacLeod (AM)	Governor *(Chair of HCUC Resources Committee)*

In attendance:

Keith Smith (KS)	CEO
Dylan McTaggart (DM)	Principal Uxbridge & Deputy CEO
Andy Miller (AMi)	Exec Director Corporate Services *(Item 6-10 only)*
Tracy Reeve (TR)	Director of Governance
Jo Withers	Principal Harrow
Shane Woodhatch (SW)	Group Director Finance & Resource Planning
Present for item 13 onward	
Glen Bott (GB)	Cooper Parry, External Auditors *(online via Teams)*

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1. Chair's Agenda Item

The Chair informed the meeting that he had no business to raise under the Chair's agenda item.

2. Apologies for absence

No apologies had been received from Audit Committee Members, but Lucky Dube (Interim Head of Finance) had sent apologies.

3. Notification of any urgent items that members may wish to raise under Any Other Business

There was none.

4. Notification of Interests Members may wish to declare relating to any item.

There were no declarations of interest.

5. Minutes of the meeting held on 22 September 2022

The minutes were approved and taken as 'signed' by the Chair.

6. Matters arising from the minutes of the meeting held on 22 September 2022 not on agenda.

- **Health & Safety (H&S) Update**

Exec Director Corporate Services (AMi) presented the update report – now a standing item at Audit Committee – which outlined progress made on the recommendations from the Audit of Health and Safety (H&S) at HCUC (June 2021).

Shelter in Place Drill: AMi confirmed that the alarm system for 'shelter in place' was now tested and fully

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operational. Tutorials were being undertaken during the current week to brief students on what action they should take during any drill or actual 'lockdown' event; this would include practising the protocols. A 'shelter in pace' drill would then take place during the early part of December (contingent on the timetabling). Governors sought, and were given assurance, that SLT were not expecting any problems with this test. AMi highlighted the input from curriculum teams on developing the briefing notes for staff and students.

H&S Staffing: AMi was pleased to report that a new H&S Adviser had now been appointed and was working well with staff. A new advert had been placed for the H&S assistant which offered the role on a full-time basis; SMT were hoping to appoint in January 2023. Governors were given confirmation that this role was being advertised in a number of different outlets including specialist publications.

H&S process and practice: The meeting noted an update against the five key steps previously identified as needing action:

i) **H&S Policy**: adjusted for changes to organisational structure under new CEO (KS). A new H&S Statement had been signed by the new CEO and was published on the HCUC website.

ii) **H&S Reporting**: OSHENS was now agreed as the best system to use and would be taken forward. The new H&S Adviser was familiar with this system.

iii) **Inspections:** AMi confirmed that the suggestion from the previous Audit Committee meeting to ask contractors for help with 'mini' inspections had proved very successful. A full programme of inspections would recommence once OSGENS training had been rolled out.

iv) **IOSH training:** The Estate Coordinator at Harrow had now undertaken and passed this specialist training. Further thought would be given to which other staff needed to complete this training.

v) **Risk Assessment Training:** This would be delivered within O\SHENS training and would be built into the 'all staff' annual Smartlog H&S Training update.

Other areas:

- First Aid: the College held a list of technicians and people who were First Aid trained. AMI confirmed that SLT would be reviewing the treatment of first aiders as some were paid for this additional role and some were not. HR were currently reviewing Job Descriptions but this would take time to complete.
- H&S accreditations: The new H&S adviser had flagged some additional ISO accreditations that HCUC could look to achieve; ISO45001, ISO 9001 and ISO14001. Governors commended this aspiration but questioned whether this was too early with ne H&S staff and also sought confirmation that there was sufficient resourcing to achieve this. AMi confirmed that a proposed internal audit of H&S in February 2023 would assess where HCUC was currently against the expected levels for these accreditations.
- Health & Safety Management System: The meeting noted that the introduction of a H&S management system would be the next significant step taken forward by the H&S Adviser.

The meeting commended the significant progress made since the last meeting but asked that the H&S Update remain as a standing item on the next Audit Committee agenda (March 2023). The Chair reiterated governors concern around the work involved in attaining ISO 9001 and that this could not be rushed. However, NK commended the aspirational objective and agreed that this was a good target from a governance perspective.

The H&S Update was NOTED and RECEIVED

- **Regularity Audit** *(minute 10 page 6)*

The GDFRP (SW) confirmed that the previous Head of Finance (VP) had spoken to Cooper Parry about 'limited' versus 'reasonable' assurance engagement. It was noted that VP had circulated an update to all

Audit Committee members on 23 September 2022 to confirm that Cooper Parry were working to sector norms on the Regularity engagement.

NOTED

There were no other matters arising that were not already on the agenda.

ITEMS FOR APPROVAL

7. To receive, re-consider and approve the annual report of the HCUC Audit Committee to the Corporation for 2021/22.

The Director of Governance (TR) introduced the final version of the Audit Committee Report 2021/22. TR confirmed that this was as approved in draft format at the September 2022 meeting and the requisite amendments suggested at the previous meeting had been actioned.

The Annual Report of the HCUC Audit Committee 2021/22 was APPROVED for submission to the HCUC Corporation.

- ***Performance Indicators (PIs) 2021/22 for College external audit providers, Cooper Parry***

The meeting considered the PIs relating to Cooper Parry's performance during the audit of the Financial Statements 2021/22, (same format as used in prior year). Both the College assessment and the external auditors' self-assessment had resulted in a wholly positive assessment. The audit had gone extremely well even though it had remained on a remote platform for a second year running due to Covid-19 restrictions. The ongoing use of Teams meeting during the audit had been very effective and the software being used was user friendly.

The meeting APPROVED the assessment against the agreed PIs for the External Auditors 2021/22, Cooper Parry, as presented. [These would be submitted to the ESFA as an appendix to the HCUC Annual Audit Committee Report 2021/22.]

ITEMS FOR INFORMATION

8. Review of previous audit recommendations

In the absence of the Head of Finance (LD), the GDFRP (SW) presented a report on progress against the previous audit recommendations. This register contained one recommendation from the Key Financial Controls audit undertaken in February 2021, one from the audit of Safeguarding also undertaken in February 2021, and three from the Funding audit in November 2021. Ongoing action against the higher priority recommendations not yet completed was discussed by the meeting.

Key Financial Controls:

Item 2.2 Fixed Assets: The meeting considered the recommendation from the February 2021 Key Financial Controls audit in relation to Fixed Assets inventory now RAG rated as 'amber'. SW confirmed that the count of assets was still underway and the IT Team were now tagging assets using a robust system and clear descriptors which would enable items to be identified for 'write-off'. The Fixed Asset Register was also being cleansed as part of the Year-End process in Finance.

Safeguarding:

Item 4.2 Effective lockdown procedure and drill: The meeting had discussed this under 'matters arising' earlier in the meeting (see minute on page 1).

Funding Audit (November 2021):

Item 1.1 Prior attainment and NI details: The meeting noted that this recommendation was currently in progress with a revised, realistic completion date of December 2022. SW reminded the meeting that the field for NI Number would be a mandatory field on learner records for 2022/23.

Item 1.2 ALS Funding: The meeting noted that the ALS checks had not yet commenced (so was RAG rated as Red) but initial learning support claims had been verified before going into the ILR. SW informed the meeting that this area had been included for review on the internal audit schedule 2022/23 in order to provide full assurance for management and governors. KPMG had been engaged to undertake this audit work in December 2022.

Item 1 Data accuracy of ILR and apprenticeship funding: The meeting noted that this recommendation was ongoing. Invoicing for new employers was now immediate to avoid any time lag; the new finance officer was continuing to focus on this work. SW assured the meeting that moving forward the process would be faster in relation to contract signing and debt chasing. All other actions were on track for completion by December 2022.

The Chair highlighted that a number of actions were due for completion in December 2022 but was given assurance that these dates were still on track to be met.

The Register of Outstanding Audit Recommendations was NOTED.

9. To receive the Risk Register update

The meeting received the HCUC Risk Register that detailed the risks mapped to the Strategic Aims and Corporate Goals of the College. SW also presented a new executive summary highlighting 'mission-critical' red rated risks which were unlikely to ever secure a lower RAG rating. The meeting discussed risks with changed risk profile and 'red' rated risks and the mitigating actions that had been put into place:

- 1.08 *Insufficiently qualified and equipped staff to support the delivery of study programmes and quality outcomes for learners.* (Risk score still at 12 'red'). The meeting was reminded of the ongoing project work looking at innovative ways to recruit for hard to fill vacancies as discussed regularly at Resources Committee and Corporation meetings.
- 1.09 *Failure to recruit sufficient staff, qualified at the appropriate level.* (Risk score still at 12 'red'). As above, initiatives being considered included paying premium salaries as 'golden handcuffs' and to meet industry rates. However, parity with other College roles would need to be considered.
- 1.11 (ii) *Project Work fails to prepare the College for T levels, CDF and the Transition Fund.* (Risk remains at 15 'red'). The College was at the forefront of T Level delivery and this was being carefully monitored.
- 2.05 *Inflexible delivery models for Apprenticeships could restrict growth* (Risk score remains at 12 'red'). The meeting was reminded that the SLT were currently developing a five-year strategy to develop plans for growth in Work Based Learning (WBL), Institute of Technology provision, and commercial income. This had been discussed at the Governors' Strategy Day in November 2022.
- 3.02 *Insufficient enrolment on employability pathways for adult unemployed learners will reduce spend of ESFA contract.* (Risk score remains at 12 'red').
- 3.11 *Underachievement of funding targets* (Risk score still at 15 'red'). The need to meet learner number targets for 2022/23 would remain a focus for the SLT.
- 3.12 *Failure to secure and respond to large levy paying employers could impact on apprenticeship income* (Risk score remains at 15 'red'). The College's Business Development Consultants (BDCs) continued to engage with large employers. Various networking events had taken place to advise and guide employers to drive forward apprenticeship work.
- 3.19 *16-18 and 19+ mainstream recruitment target not met, leading to a reduction in funding in current and future years*. (Risk score remains at 12 'red'). This continued to be a challenge but some recruitment was still ongoing.
- 3.20 *WBL non-levy 16-18 and 19+ apprentices target not met.* (Risk score still at raised level of 15

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'red'). The meeting noted that there was no current allocation of ESFA funding for sub-contractors. Delivery against the ESFA contract was being closely monitored.

- 4.02 *Failure to attract and retain staff: especially in highly competitive areas.* (Risk score still high at 12.) The work on reviewing salary bands and implementing the AoC Pay recommendation for 2022/23 was noted. This was key during the ongoing inflationary economy which would put pressure on any Cost of Living Pay demands.
- 4.05 *Failure to achieve IoT targets* (Significant red risk with a score of 12.) The ongoing dialogue with the DfE around targets had now been resolved for years 1 to 2 but stretching targets remained for years 3 to 5 with no change to the baseline. A 10-year strategic plan for the West London IoT (WLIoT) was being developed within the over-arching strategic planning process. The focus for 2022/23 was to increase the 'anchor' and delivery partners working with HCUC in the WLIoT.
- 5.11 *Compliance with GDPR and other data related regulation* (Risk score remains at 15 'red'). As previously discussed by Governors at Corporation and Strategy days the SLT were still working to improve current HCUC practice on the destruction of obsolete data in a timely manner. The meeting was assured that progress was being made but the risk score had not yet been reduced in order to maintain focus.
- 5.12 *College loses IT capability and/ or data following a cyber-attack.* (Risk score remains at 12 'red'). This risk was very real despite IT Services using up to date security software and policies.

The meeting commended the Executive Summary which enabled Audit Committee to clearly focus on 'red' risks rated 12 and above and gave governors a clear view on what were the 'mission-critical' risks. After discussion it was agreed that the Risk Register needed to be updated to reflect the likely merger with Richmond Upon Thames College. Governors also suggested that the narrative of the Risk Register needed updating to reflect the current position of HCUC. This narrative should also reflect why some 'mission critical' risks would always flag as 'red'.

The HCUC Risk Register was NOTED and RECEIVED.

It was AGREED that the narrative to the Risk Register should be updated in advance of the next Audit Committee meeting.

10. To receive a report on any additional work commissioned from auditors during 2022/23.
It was noted that no additional audit work had been commissioned by the College during the current academic year to date.
The report was NOTED

11. To confirm and agree the dates and times for the meetings in 2022/23
The dates and times of the Audit Committee meetings were agreed as follows:

- Thursday 9 March 2023 at 9.30am
- Thursday 15 June 2023 at 9.30am

12. Any Other business
There was no other business. The Audit Committee meeting closed at 10.10am and the joint meeting of HCUC Audit Committee and HCUC Resources committee commenced at 10.15am with Alasdair MacLeod (Chair of Resources Committee) as Chair of the Joint Committee meeting.

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JOINT MEETING OF HCUC AUDIT COMMITTEE AND RESOURCES COMMITTEE

[External Auditor, Glen Bott of Cooper Parry joined the meeting]

ITEMS FOR DECISION

13. To RECEIVE the Report & Financial Statements and associated reports for the period ended 31 July 2022 for HCUC

i) Financial Statements

The GDFRP (SW) introduced the draft reports and financial statements for the period ended 31 July 2022 and highlighted that the Resources Committee would be required to approve the Report and Financial Statements and then recommend to the full HCUC Corporation for approval.

The following key points were highlighted:

- The operating surplus for the year was £249,000 (compared with £2,384,000 in 2020/21).
- The balance on the income and expenditure account (excluding pension reserve) now stood at £89.838m (compared with a figure of £89.587m in 2020/21).
- Total income for the year was at £56.473m compared with £55.525m in the prior year.
- Total expenditure was at £56.273m compared with £53.190m in the prior year. Staff costs were at £38.2m compared with £36.2m in the prior year. The increase in other operating expenses (now at £12.711m compared with £11.935m in the prior year) was due to a number of factors.
- Staff costs as a percentage of income was at 64% (as generated by the CFFR).
- The College had accumulated reserves of £81.102m, non-current assets of £108.091m and cash balances of £31.491m.
- Net Current assets were at £21.524m compared with £18.475m in the prior year.
- The LGPS pension liability was noted as £8.7m compared with £43.7m last year. Governors commended this positive swing but were reminded that the pension liability (FRS17) was not included by the ESFA when assessing the financial health of colleges. The reason for this movement was a change in the actuarial assumptions especially in the discount rate used and price inflation. The external auditors had confirmed that the assumptions used by the College actuaries were largely in line with those used at other Colleges.

The meeting went through the Income and Expenditure account and the Notes to the Financial Statements and Balance Sheet in detail. The total Agency funding was at 82.2% of income in 2021/22 (85.6% in prior year). The College had exceeded its 16-18 learner number target by 87 learners an achieved £32.021m against its funding of £31.895m. The meeting noted the detail of the fixed asset additions during the year, which amounted to £3.268m (compared with £8.062m in 2020/21). The meeting noted the strong financial performance indicators for the 2021/22 year which included a strong cash position after the net cash inflow of £2.4m as well as the following:

- Cash days in hand at 31 July 2022 were 237.0 against a target of 195
- Cashflow was strong with a net inflow of £2.4m to give a cash balance of £35m.
- Current ratio (assets over liabilities) of 2.73 against a target of 2.70 (2.48 achieved in 2020/21).
- Accumulated reserves were 155% of income against a target of 154%.
- EBITDA (education specific) as a percentage of income was 11.56% (the FE sector norm for this KPI was noted as circa 6%).

The meeting considered the final post-audit management accounts for 31 July 2022 and noted any major variances. Other income was £276,000 above budget but this was mostly due to a recovery in the catering on site after the two pandemic years. The catering contract was currently still on a 'cost-plus' basis but

SLT were looking to changer this back to a profit-share arrangement in the near future. AMi confirmed that the college had received an income from the Aramark catering contract for the first time in two years during October 2022. The meeting discussed the release of provisions post audit and the Chair sought clarity over what had been released and whether any provisions were still in place. SW confirmed that there had been circa £2m held over after the initial merger date of July 2021 for the merger with Richmond Upon Thames College (RuTC) was deferred. It had been agreed with external auditors that this would be released over time. SW informed the meeting that £500,000 had been released in the 2020/21 financial statements, £1m was released in 2021/22, and £500,000 would be released in the 2022/23 accounts.

The meeting considered the increase in expenditure (now at £56.273m). Other than the £2m increase in staff costs the pension scheme charge had gone up by £500,000, repairs and maintenance was increased by £100,000, energy had increased by £200,000 and the Portacabins had incurred additional costs of £107,000. SW highlighted that although expenditure in relation to High Needs learners had increased this had been offset by additional income.

The meeting discussed the large reduction in the LGPS pensions liability compared with the prior year (now at £8.7m versus £43.7m in the prior year). It was noted that this was due to changes in the discount rate used by actuaries and was reflected in all FE college assessments. External auditor (GB) explained that this figure reflected a snapshot of the valuation – the share of assets versus future liabilities - at 31 July 2022 and was likely to change for 2023. The huge swing was due to a big change in low rate government bonds. GB reminded the meeting that this annual valuation of each college share was simply an accounting transaction and had no impact on the balance sheet However, every three years there was a revaluation of the whole scheme which set contribution rates for colleges and changed actual costs.

The meeting discussed staff costs as a percentage of income and the Chair of Audit Committee (NK) sought clarity on the rate currently in place at RuTC. SW confirmed this figure as circa 66% for 2021/22 but the budget for 2022/23 was close to 70% and this would go even higher in the plan year (74%) due to the dip in enrolment 2022/23 and a loss of funding for 210 learners.

The meeting sought confirmation from GDFRP on whether the planned investment of £10m with Rathbones would still go ahead if the merger was confirmed for January 2023. SW confirmed that he would be finalising the exact amount to invest during the next few days but it would allow for merger costs. The meeting noted that there was at least £10m to invest whilst allowing for merger and any associated strategic investment. The Chair sought, and was given, confirmation that this proposal would not breach the £12m level specified in the HCUC Reserves Policy. SW reminded the meeting that the required level of reserves would rise to £17m once RuTC joined the group. KS asserted the need to ensure that an investment of £10m would give sufficient headroom and also for HCUC to verify that there had been no change of the risk factor and the return on the investment since proposed in summer 2022. Governors asserted the need to act quickly once the facts were confirmed as the market was currently low and there was good opportunity for growth.

The notes to the accounts were considered in detail by the meeting. SW confirmed that the other senior members of the SLT at HCUC had contributed to the narrative of the Members Report on HCUC Strategy, curriculum and the summary of capital works undertaken at the Uxbridge, Harrow Weald and Harrow-on-the-Hill campuses. The Chair sought, and was given, confirmation that the change in CEO would be included as a post-year end note. ***SW informed the meeting that he would discuss with Cooper Parry whether the negative financial impact of the merger – the additional cost of the phase 2 building at RuTC – needed to be included in the narrative as a post year end note.***

The meeting commended the strong financial results and agreed that the College was in a strong position pre-merger and would be able to meet current and future economic challenges from a position of relative strength when compared with many other FE Colleges. It was agreed that the College's key strategic aim in relation to finances 'To maintain the strong financial profile needed to ensure a secure future', had been fully achieved.

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ii) *July 2022 Management Accounts*

The restated Management Accounts for 31 July 2022 and the adjustments arising post-year end from the preparation and audit of the Financial Statements were noted by the meeting. Adjustments totaling £297,000 were made against the income and expenditure. As previously noted by the meeting the revised historical surplus was £249,000 against a forecast surplus of £50,000. The detail of the management accounts for July 2022 was taken as read.

The 2021/22 Financial Statements and July 2022 Management Accounts were NOTED and RECEIVED, (they would be recommended to the HCUC Corporation for approval by the Resources Committee).

iii) *Audit Findings Report of the External Auditors, Cooper Parry, following their audit of the HCUC Financial Statements for 2021/22, for APPROVAL & recommendation to Corporation.*

Glenn Bott (GB) of Cooper Parry presented the Audit Findings Report to the Governors, which acknowledged the strong financial outturn and cash position for HCUC. The meeting was pleased to note the clean unqualified opinion on the financial statements and for the regularity audit. GB informed the meeting that the audit had gone very smoothly from their perspective; the flow of information from management had been accurate and timely. The meeting noted that the audit had taken place completely remotely for a third year running but SW confirmed that the audit process had gone well from the College management perspective from the planning stage to the completion of the audit. The Management Report was considered in detail.

The meeting was pleased to note that the audit conclusion on all qualitative aspects considered was clean; GB also highlighted the unmodified regularity audit opinion. The Chair of Audit Committee sought clarity on the level of materiality used in the audit and GB informed the meeting that Cooper Parry had used the sector norm of 2% of income; however, there was a lower level of performance materiality – 80% of the above – which was used to calculate sample sizes. The meeting was reminded that anything at 5% or below of the materiality figure was deemed as 'trivial'; GB confirmed that this 5% figure was used by Cooper Parry across the whole of the FE sector. However, the meeting was reminded that for the regularity audit there was no materiality set and no lower threshold for transaction testing. However, GB confirmed that this had also been a wholly positive opinion for 2021/22 at HCUC.

The meeting went onto consider the six significant audit risks that had been identified by Cooper Parry and detailed in their audit planning letter. The key risks were noted as follows: management override of control; income recognition; going concern; retirement benefits; and related party transactions. Governors noted that Cooper Parry's conclusion against all of these risks was clean and that there were no issues identified which needed to be reported to the Audit Committee. Audit Committee were pleased to note that the audit had not identified any misstatements that required adjustment in the financial statements, nor any unadjusted differences. Governors also noted the positive assurances given by Cooper Parry around the risks of fraud and independence and related party transactions. The meeting spent some time discussing the need for the College to remain vigilant as the incidence of fraud and financial scams being perpetrated in the FE sector was on the increase. The importance of going concern was discussed and Governors were reminded that this would be discussed under a separate agenda item but it was not likely to present any issues.

GB highlighted that during the audit there had been three low risk weaknesses of controls identified which had resulted in recommendations for 'good practice' improvement. These four risks – all classified as 'green' i.e. low priority - were in relation to: Register of Interests; Fixed Asset Register (2); and regular review of credit card reconciliations. The management responses to these recommendations were noted and minor changes to process would be put in place where appropriate. SW highlighted that in relation to the Fixed Assets recommendation (zero book value assets) although the number was large the net effect was zero. SW also challenged the recommendation in relation to accruals on fixed assets; he believed that the College had too many debits and credits so they were not posted to the fixed asset system. The advice of the Finance Manager was that it was not worth making accruals. ***It was AGREED that GDFRP (SW) would discuss this further with the external auditors (GB).***

The recommendation regarding the credit card had already been discussed at Audit Committee and governors had received assurance that sufficient internal controls were in place. However, SW confirmed that the Finance Manager would act on this recommendation and reconcile on a monthly basis.

The meeting agreed that the low number and low risk score of the recommendations highlighted an ongoing positive control environment at HCUC. The Audit Committee Chair (NK) highlighted that it would be useful for Audit Committee members to have sight of a 'landscape of comparison' and gain an understanding of where the HCUC audit report and number of findings sat in comparison to other colleges. GB confirmed that the HCUC report was at the strong end with regard to adjustments and number/ priority of findings. The negative end of comparators would have up to eight recommendations but these would be medium or high priority. GB asserted that the clean audit with no adjustments and few low priority recommendations should give governors assurance around the professionalism and control within the Finance Team at HCUC.

The Chair of the meeting thanked the GDFRP, Finance Manager (LD) and all the staff in the Finance and Student Records Team for their ongoing accuracy and effective control. The GDFRP (SW) concurred with the vote of thanks to his staff; the strong data helped SLT make effective decisions. SW also asked for a vote of thanks to be recorded for previous Head of Finance Vik Patel who had now left HCUC but contributed to the external audit and also the effective controls. Audit Committee and Resources Committee members commended the college finance team and Cooper Parry for a positive external audit.

The Audit Report and Management Letter of the External Auditors, Cooper Parry, for HCUC 2021/22 was APPROVED and would be taken to the HCUC Corporation for approval (13/12/22).

iv) *Letter of Representation*

The meeting noted the draft Letters of Representation; one for the Financial Statements and one for the Regularity Audit. SA confirmed that these letters had a standard format for all FE Colleges – dictated by the Joint Audit Code of Practice – they did not include any narrative specific to HCUC.

The Letter of Representation for HCUC would be taken for approval to the HCUC Corporation (13/12/22) before being signed by the Corporation Chair on behalf of the Corporation, and the Group CEO as Chief Accounting Officer of HCUC.

14. Assurance of Going Concern

SW reminded the meeting that the FE/HE Statement of recommended practice required the Corporation to carry out a formal assessment of going concern. GB reminded the meeting of the importance of the Corporation demonstrating that it had undertaken due diligence around their consideration of the going concern of the College. This was even more important now that the FE sector was bound by a specific Insolvency Regime. Members noted that the governing body were required to make their own assessment of their institution's ability to continue as a going concern so that they were certain of the validity of the 'going concern' assumption when preparing the financial statements. In making this assessment, an institution's governing body were required to take account of all available information about the future for at least, but not limited to, 12 months from the date the accounts were approved. An institution was required to disclose any material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern. SW assured the meeting that the HCUC Corporation could be assured that a formal assessment of going concern had been undertaken in preparation for signing the financial statements. This had included an assessment of the following factors:

- The financial position and reserves on 31 July 2022

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- Cash and investment balances and cash flow forecasts for the next 12 months
- The 2022/23 financial budget as approved by the HCUC Corporation.
- The level of student recruitment in 2022/23
- Known liabilities and commitments during the next 12 months.

SW reminded the meeting that the lower enrolment in 2022/23 would have an impact on lagged funding for 2023/24. The meeting also discussed the impact of a merger with RuTC on HCUC's cash reserves and KPIs; this would be formalised in post-meeting discussions with Cooper Parry. However, this would not have an impact on HCUC's status as a Going Concern. The Chair of Resources (AMcL) confirmed that he had looked in detail at the forecast combined budget once RuTC was included in the group and he would be happy to support the confirmation of HCUC (Harrow Richmond and Uxbridge Colleges 'HRUC' post-merger) as a going concern.

The meeting agreed that the Governing Body should be assured that the College had adequate resources to continue in operational existence for the near future. For this reason, HCUC should continue to adopt the going concern basis in preparing the financial statements.

The assurance around Going Concern was NOTED and APPROVED; the Resources Committee would recommend it to the Corporation for approval (13/12/22) alongside the HCUC Financial Statements 2021/22.

15. Regularity Self-Assessment Questionnaire

The meeting considered the detailed Self-Assessment Questionnaire 2021/22. This was completed by the College Management Team for the assurance of the External Auditors on all Regularity Issues. As previously noted, Cooper Parry had provided a clean opinion on the Regularity Audit for HCUC during 2021/22. The meeting agreed that this document continued to provide a useful summary for the Governors. The meeting was reminded that the OfS were able to access this information via the ESFA as the regulator of FE Colleges. The Chair of the meeting commended the strong evidence provided to support the Regularity Self-Assessment.

The Regularity Audit Questionnaire was NOTED and APPROVED; the Audit Committee would recommend it to the Corporation for approval (13/12/22).

16. Any Fraud/ Corruption issues 2022/23.

The meeting noted an update on the credit card fraud which had been discussed at the last Audit Committee and Resources Committee meetings (September 2022). The meeting noted that following the attempted fraud last reported, the credit card in question had been was cancelled and the replacement card had not been used at all. SW informed the meeting that following discussions with the bank there was a strong chance that he had been the victim of identity theft and he had opened an Experian account to track and monitor any additional fraudulent activity. The meeting also noted that the refund from Barclaycard for the credit card fraud had not yet been processed which was being followed up by the Finance Team.

The report was NOTED

17. Any Other Business

There was no other business. The joint meeting of the Audit Committee and the Resources Committee closed at 11.05am.

Signed …………………………… ***Nasim Khan (Chair)*** **Date…………………………**

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