

MINUTES

Directorate:	Governance	
Minutes of:	Audit Committee	
Date:	22 September 2022	Time: 9.30
Venue:	Online via MS Teams	
Present:	Nasim Khan (NK)	Governor (<i>Chair</i>)
	Ketan Sheth (KS)	Governor
	Steven Cochran	Governor
In attendance:	Darrell DeSouza (DDS)	CEO/ Principal
	Andy Miller	Executive Director Corporate Services
	Vikash Patel (VP)	Head of Finance (Outgoing)
	Tracy Reeve (TR)	Director of Governance
Apologies:	Glen Bott	Cooper Parry External auditors
	Lucky Dube	Head of Finance (Interim)
	Shane Woodhatch (SW)	Group Director Finance & Resource Planning

- Chair's Agenda Item**
There was no specific Chair's Agenda item.
- Apologies for absence**
Apologies had been received from Shane Woodhatch (who was attending a conference), Lucky Dube and external audit partner Glen Bott.
- Notification of any urgent items that members may wish to raise under Any Other Business**
There were no items notified.
- Notification of Interests Members may wish to declare relating to any item**
There were no interests declared.
- Minutes of the meeting held on 16 June 2022**
The Chair highlighted a typographical error – 2nd paragraph item 7 page 3 – 'er' should read 'error'. Subject to this change being actioned by the Director of Governance the minutes were approved by the meeting and would be taken as 'signed by the Chair'.
- Matters arising from the minutes of the meeting, 16 June 2022, not on the agenda**
The Chair sought an update on the following items:
 - SLT investigation of College online platforms (minute 7 page 4): DDS confirmed that investigations around digital platforms were still ongoing within the over-arching HCUC Digital Strategy. Governors were reminded of the recent work to improve the IT infrastructure across all campuses. A Wifi update had now been completed and there were no 'blank spots' at either college.
 - Effective lockdown procedure and drill (minute 8 page 5): The Exec Director Corporate Services (AMi) confirmed that the fire alarm systems and 'lockdown' klaxon would be tested at the weekend – to avoid causing students additional anxiety. A full Shelter-in-Place drill with students would then take place after half-term. AMi assured the meeting that staff had already been issued with full guidance on what to do during a 'lockdown' incident.

MINUTES



- Health & Safety Audit - Progress Update (minute 6 page 2): 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). The meeting was reminded that 2021/22 had been a difficult year in relation to H&S with the loss of the interim H&S Adviser during the summer term. AMi confirmed that staffing remained a key issue as the H&S Adviser post was currently vacant but a well-qualified candidate was now lined up for interview. AMi confirmed that the new H&S Policy was now on the intranet (the old policy was also still showing but he had asked the Directorate PAs to remove this). The Health & Safety Statement was also now published on the College website. ***It was noted that this would need revision at the start of November when Keith Smith took over the role of CEO.***

The OSHENS reporting system was now working and many of the technicians were already familiar with this. This recommendation was now RAG rated as amber and was moving towards green. The lack of H&S inspections due to the H&S staffing gaps was considered by the meeting. Governors suggested the possible use of a third party for specific inspection services to plug the gaps until a new H&S Adviser was recruited. AMi confirmed that an internal inspection process was preferable as when external parties were involved this could lead to it becoming over-complicated; he confirmed that what was required was better defined as 'quality checks'. Governors challenged the SLT to plug some of these 'gaps' sooner rather than later especially in relation to the high-risk areas of the college. AMi confirmed that his previous experience of using an external H&S resource had made him nervous of repeating this but agreed that it was necessary for ongoing assurance.

It was AGREED that Exec Director Corporate Services would approach existing HCUC contractors/ suppliers to ask them to build in an element of H&S inspection/ H&S quality checks to their work; this would plug the known staffing gap for the next three months.

Governors also suggested that the College might be able to leverage interim H&S support from RuTC.

It was AGREED that the CEO would contact the Principal at RuTC to ask this question.

Governors sought assurance that while there was a lack of H&S staff and regular H&S inspections there would be no impact on the College's insurance. AMi confirmed that the Health & Safety Executive (HSE) guidance stated that it was a requirement to have someone in post who was 'suitably qualified'. He assured the meeting that he was IOSH trained and had been involved in H&S for the last 25 years. There were also additional staff on site with NEEBOSH qualifications. Governors sought confirmation on whether the first aid training delivered in August - and to be repeated in October – was for new first-aiders or existing ones. AMi confirmed that there was a mixture of both within the staff first-aider cohort.

The meeting noted that the recommendation on IOSH training was not yet resolved; this would be considered when new staff were recruited depending on their level of H&S qualification. The recommendation on Risk Assessment training was now RAG rated as green after delivery at the July 2022 whole college training day. The meeting also noted the update on recruitment to fill the vacancies for Head of Estates and Head of Security which were both looking positive.

The Chair highlighted that progress against the H&S audit had been made a standing item at Audit Committee until the recommendations were all cleared and RAG rated as 'green'. AMi confirmed that the timescale was contingent on recruiting the H&S staffing and one of the roles had not yet been advertised as HR was very busy. However, he confirmed that once the senior H&S Adviser post was filled there would be progress quite quickly.

The Chair ASSERTED the need for a deadline completion date on the H&S recommendations once the H&S staffing issues were resolved.

MINUTES



The meeting also AGREED that as Governors were now aware of the ongoing H&S staffing gaps an update on progress with the H&S recommendations should be provided for Audit Committee Members (via email) in advance of the next Audit Committee meeting (23 November 2022).

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

[Andy Miller left the meeting.]

7. Preparation of Audit Committee Annual Report 2021/22

The Director of Governance (TR) presented the first draft of the Annual Report 2021/22 of the HCUC Audit Committee. TR confirmed that the report as presented met all the requirements of the Post-16 Audit Code of Practice (March 2022) and reminded the meeting of the importance of the Annual Audit Committee Report within the Board Assurance framework; it provided assurance to the whole Corporation alongside the College Financial Statements. The meeting noted that the statements around the external auditors' opinions would be confirmed after the audit of the HCUC Financial Statements 2021/22 was completed. TR confirmed that the Annual Report also reflected the work undertaken during the year in relation to the proposed merger with Richmond Upon Thames College (RuTC). The meeting sought, and was given, confirmation that a new Staff Governor for Harrow College was being recruited.

The draft HCUC Audit Committee Annual Report 2021/22 was APPROVED subject to confirmation on the 2021/22 financial statements audit.

The final Audit Committee Annual Report 2021/22 would be presented for approval at the next Audit Committee, (23/11/2022) before submission to the Governing Body in December 2022.

8. Key Performance Indicators for auditors 2021/22

The Head of Finance (VP) presented the draft performance indicators (KPIs) for 2021/22 for External and Internal Auditors. The external auditors would be judged against the same criteria as used in the prior year based on four elements: Audit arrangements; Conduct of the audit; Professionalism of the audit; and five general indicators covering the working relationship between auditors and College, whether auditors regularly updated College management on sector changes and the availability of auditors throughout the year in response to ad-hoc changes. As several specialists commissioned as required by the College had provided the internal audit provision at HCUC during 2021/22 the College managers who had interacted with the auditors would provide feedback on performance of each of the specialists. College management using subjective factors such as timeliness and the usefulness of the recommendations would also assess 'Value for money' of the individual specialist provision. The meeting noted and agreed that the external auditors, Cooper Parry, would be asked to self-assess against the KPIs in advance of the next Audit Committee meeting. The Director of Governance confirmed that after the assessment had been agreed by Audit Committee in November 2022, the final completed KPIs would also be sent to the ESFA as an Annex to the Colleges' Audit Committee Annual Report 2021/22.

The meeting noted the additional questions added for 2021/22 in relation to the ongoing use of a virtual audit process (Q3) and the ease of access to the remote audit portal (Q4). VP confirmed that the internal audit firm RSM used the same Inflow portal for upload of records as used by the external auditors. The meeting sought additional confirmation from the Head of Finance (VP) around the proposed remote external audit. VP informed the meeting that this remote protocol now seemed the normal way of working for internal and external audits. However it had been agreed with Cooper Parry that they would come on site for at least one day during the audit process. VP informed the meeting that he would feel less comfortable if Cooper Parry were new auditors who did not know the College but this was not the case. VP also informed the meeting that HCUC staff were now familiar

MINUTES



with the use of the software package 'Inflow' for the upload of audit information in previous years and it had been proved to be a good system which was easy to use.

The meeting APPROVED the KPIs for Internal and External Auditors as presented.

It was AGREED that the External Auditors (Cooper Parry) would complete a self-assessment based on the KPIs for 2021/22.

9. HCUC Annual Risk Management Report 2021/22 for recommendation to Corporation

VP presented the draft annual report of the HCUC Risk Management Group for the period 1 August 2021 to 31 July 2022. The meeting was reminded that the Risk Management Group comprised the Senior Leadership Team, however, the Strategy and its implementation were set and reviewed by the Governing Body. The Audit Committee noted Appendix 1 to the report, which detailed the risks with scores of 12 and above ('significant') at the start of the year, against the end of year score and an explanation. There were seven significant risks at the start of the year, which increased to twelve by the end of the year. There were no new risks introduced and six risks where the score increased to significant by the end of the year. The twelve significant risks at the year-end for 2021/22 were:

- Insufficiently qualified and equipped staff to support the delivery of study programmes and quality outcomes for learners (*risk score at 12 throughout the year*).
- Failure to recruit sufficient staff, qualified at the appropriate level (*risk score at 12 throughout the year*).
- Project work fails to prepare the College for T levels, CDF and Transition programme (*risk score at 15 throughout 2021/22*).
- Inflexible delivery models for Apprenticeship delivery could restrict growth (*risk score raised at 12 for the duration of 2021/22*).
- Insufficient enrolment on employability pathways for adult unemployed learners with reduced delivery against ESFA contract (*risk score at 12 during 2020/21*).
- Underachievement of funding targets (*remained at 15 during the year*).
- Failure to secure and respond to large levy paying employers to deliver apprenticeships could impact on income (*remained at 15 during the year*).
- 16-18 and mainstream recruitment not met leading to reduction in funding in current and future year (*raised from 10 'amber' to 12 'red' during the year*).
- WBL non levy 16-18 and 19+ apprentices target not met including in-year variation, and cross-year spends, in addition to unknown allocations beyond March 2019 (*remained at 15 during the year*).
- Failure to achieve IoT targets (*risk score remained at during 2021/22*).
- Compliance with GDPR and other data related regulation (*risk score 15 throughout 2021/22*).
- The College loses IT capability and/ or data following a cyber-attack (*risk score remained at 12 during the year*).
- Operational impact due to coronavirus, Covid-19 (*risk score reduced from 12 to 8 'green' during the year*).

The Chair sought and was given confirmation from the CEO/ Principal (DDS) that the key risks contained in the report were correct. The CEO highlighted the nature of the Risk Register where there were a number of risks over which the College could exert little control although mitigation to limit impact could be put in place. Some of these 'red risks' would - and should - never be downgraded as they allowed the SLT and Governors to focus attention on the high risk areas associated with the achievement of the HCUC Corporate Goals.

MINUTES



The meeting was reminded that since 2016/17 and ongoing through to 2020/21 there had been no specific audit of risk management within the internal audit programme at HCUC. Instead, the work of specialist auditors in the year had concentrated on areas of high priority detailed in the risk register. In addition, each risk on the Risk Register was assigned to a Corporation sub-committee. The relevant contingency and significant risks had been reviewed at each sub-committee meeting during 2021/22 as standing agenda items, with an overview remaining with the Audit Committee. At each Governing Body meeting, officers presented Directorate reports, referencing the major risks. The CEO confirmed that the Risk Register was working well as a live document. It showed 'Red Amber Green (RAG)' rated risks aligned to the Corporate Goals and was embedded throughout HCUC at all levels of management. The meeting noted that a review of the College Risk Register continued to be a standing item on the agenda for each of the schools and service areas reviewed at the Senior Management Team meetings, and individual risks were monitored on an ongoing basis in the context of updates to the operational plan and corporate goals.

The Audit Committee were given assurance that the Risk Management Group was satisfied that there was a formal ongoing process for identifying, evaluating and managing the College's significant and contingency risks. TR confirmed that this report would be taken to the Corporation for their assurance around the ongoing risk control processes at HCUC.

The Risk Management Report 2021/22 was APPROVED for submission to the Corporation (in December 2022) subject to confirmation of the compliance with Corporate Governance requirements; to come from the external audit of the financial statements for 2021/22.

10. To receive the audit plan for 2021/22 from the external auditors, Cooper Parry

VP presented the report outlining the audit plan from Cooper Parry as Glen Bott (Client Director for the HCUC Audit for Cooper Parry Group Ltd) had sent apologies for the meeting. The meeting noted that the scope of the work would include an audit opinion on the financial statements as well as a regularity audit for year-end 31 July 2022. VP confirmed that the Cooper Parry audit team had already met with the Group Director Finance & Resources Planning (SW) and himself as the Head of Finance for the audit planning meeting. This meeting had included agreement on the timeline and process as well as discussion around any likely risks that might affect the year-end position. The meeting noted the Executive Summary of the Audit Plan and the five key 'generic' risks that had been identified: management override of controls; income recognition; going concern; retirement benefits; and related party transactions. The meeting considered each of these risks in more detail and noted the planned audit work that would be undertaken in relation to each of them:

- Management override of control: In order to provide full assurance Cooper Parry would need to undertake some detailed work to test systems and controls and look at any activity outside those systems e.g. accounting journals.
- Income recognition: This work to confirming accuracy of income was crucial as College income was the main driver of the financial statements
- Going concern: The meeting was reminded that the audit opinion in the financial statements had to relate to the financial viability of an FE College 12 months after the date of signing of the accounts (i.e. for the current year to December 2023). Although this was not an issue for HCUC the meeting noted that the area of 'going concern' continued to be a key issue across the Further Education sector.
- Retirement benefits (LGPS): As part of the audit process Cooper Parry would review the actuarial assumptions used in the College deficit calculation and benchmark these against other schools and colleges; the FRS102 reports had already been provided for Cooper Parry so that they could test the actuarial assumptions in advance of the onsite audit. VP informed the meeting that due to market conditions there had been a huge swing in the pension liability on HCUC's balance sheet; this had reduced from £42m in the prior year to £8m.

MINUTES



- Related party transactions: There was a need for clear disclosure around this important issue.

The meeting noted a detailed summary of the audit approach, which would be used during the external audit and Governors were given assurance that it was in line with the prior years' audit activity and all regulatory requirements. VP highlighted the reference to the delayed merger with RuTC on page 2 of the HCUC Audit Plan; the meeting was assured that any new merger date would be included in the financial statements to comply with all necessary disclosures. The meeting also noted the statement from Cooper Parry confirming their independence as auditors. The Audit Committee noted that Cooper Parry's work to audit the Teachers' Pension Scheme for the College had no impact on independence.

The timetable for the external audit was noted with the two-weeks fieldwork commencing on 17 October and the audit clearance meeting on a date to be confirmed in November 2021. VP confirmed that this 'fieldwork' would be undertaken mostly on a remote basis. The College was used to working with the online submission software and the previous two years audits had gone well. Audit Committee members were assured that the Cooper Parry audit team would do one or two days on site at the College to get a better feel for how the College's systems and controls were working. This would also allow the audit team to work on the physical verification against the Fixed Assets register which was more difficult to undertake remotely. Presentation of the final accounts to the Audit Committee and the Resources Committee would be on 23 November 2022 before they were taken to Corporation for approval on 13 December 2022. The deadline for submission to the ESFA was noted as 31 December 2022.

The audit fees of £37,500 plus VAT were noted as covering the Financial Statements and Regularity audit (this was a £4,000 increase – 12% - on the prior year fee). The fee for the mandatory audit of the Teachers' Pension Scheme Certificate would be £950 plus VAT. Governors sought, and were given, confirmation that this year was the last year of a three-year contract with Copper Parry for external audit. The Director of Governance (TR) confirmed that audit guidelines for FE Colleges set a maximum term of five years without going out to tender for external audit provision. However, TR suggested that HCUC should be mindful of meeting best practice and the need to undertake an external review of governance during the next three years. Governors asserted that Cooper Parry's work to date had been excellent and senior auditors were very involved in the audit; overuse of junior staff had been an issue in the past for HCUC when using other external audit firms. The audit team at Cooper Parry were also noted as being very knowledgeable about the FE sector and familiar with HCUC after the last two years engagement.

It was AGREED that the HCUC external audit contract from August 2023 would be considered in early spring 2023.

The Chair asked why the regularity audit engagement was undertaken on a 'limited assurance engagement basis' and whether the College should be looking to upgrade this to a 'reasonable assurance engagement'. The Director of Governance highlighted that the Joint Audit Code of Practice only required a 'limited assurance engagement' but it was agreed that Head of Finance (VP) should contact Cooper Parry to ascertain whether a higher level of assurance could or should be sought.

The External Audit Plan for the 2021/22 HCUC financial statements was NOTED and APPROVED.

It was agreed that VP should contact Cooper Parry to seek their advice on a 'limited' versus 'reasonable' assurance engagement basis for the regularity audit. Cooper Parry response to be sent to all Audit Committee member as soon as received. **[ACTION: VP/ TR]**

MINUTES



11. To receive and approve the Internal Audit Strategy 2022/23-2023/24 for recommendation to the Governing Body

The Head of Finance introduced a paper detailing the updated internal audit strategy and the annual plan for 2022/23. Governors were reminded of the requirements and obligations placed upon the Audit Committee and the Corporation under the overarching statutory documents of FE colleges. The importance of the challenge and scrutiny role of the Audit Committee and Governors was noted and agreed. The meeting discussed the historic internal audit strategy of appointing specialist firms and agreed that it had worked well over the last few years. College management assured Audit Committee members that these 'specialist' internal audits had provided a better level of assurance for Governors and College management as the audits had been more rigorous. The specialist audits had usually been undertaken by firms who had a very thorough understanding of their audit areas; the disappointing H&S audit report in June 2021 being the exception. These audits provided useful recommendations for continuous improvement and better 'value for money' in terms of impact, than the anecdotal experience of employing one firm of internal auditors only. After discussion, the meeting agreed that the 'specialist call-off' approach should continue into 2022/23 for HCUC but there was an enhanced need for the specialist auditors to be selected carefully and after a recommendation wherever possible.

The meeting noted the key areas of concern after a review of the HCUC risk register for 2022/23 and in discussion with HCUC senior managers. The meeting noted a summary of internal audits undertaken in 2021/22 and the opinions and judgements. Areas planned for inclusion in the internal audit plan 2022/23 were noted as: Key Financial Controls; Payroll; Funding compliance; compliance with GDPR legislation; and High Needs provision. The meeting sought, and was given, confirmation that the full internal audit budget for 2022/23 would be allocated.

The meeting APPROVED the HCUC Internal Audit Plan 2022/23 as presented.

12. Review of previous audit recommendations

The Head of Finance (VP) presented a report on progress against the previous audit recommendations. This register contained one recommendations 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.

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'. VP confirmed that the count of assets was now underway and the IT Team were tagging assets using a robust system and clear descriptors which would enable items to be identified for 'write-off'. The Fixed Asset Register would also be cleansed as part of the Year-End process in Finance.

Item 4.2 Effective lockdown procedure and drill: The meeting had discussed this under 'matters arising' earlier in the meeting when the Exec Director Corporate services was present (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. VP highlighted 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. VP informed the meeting that this area had been suggested to be included for review on the internal audit schedule 2022/23 in order to provide full assurance for management and governors.

MINUTES

Item 1 Data accuracy of ILR and apprenticeship funding: The meeting noted that this recommendation was ongoing. VP confirmed that invoices for co-investment from employers had now been raised and issued for 2021/22 but it was proving difficult to get the money out of some employers. Invoicing for new employers was now immediate to avoid any time lag; a new finance officer was now in post and on focussing on this work. VP 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 November 2022.

The Register of Outstanding Audit Recommendations was NOTED.

13. To receive an update on the Risk Register

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 which highlighted the 'mission-critical' red rated risks which were unlikely to ever secure a lower RAG rating. The meeting discussed risks with changed risk profile and the key 'red' rated risks in more detail and the mitigating actions that had been put into place:

- 1.09 Failure to recruit sufficient staff, qualified at the appropriate level. (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. Initiatives being considered included paying premium salaries as 'golden handcuffs' and to meet industry rates. However, parity with other College roles needed 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')
- 2.05 Inflexible delivery models for Apprenticeships could restrict growth (Risk score remains at 12 'red'). DDS reminded the meeting 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 in detail at the Governors' Strategy Day in April 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 during the first 6 weeks of term – staff were working hard to minimise any withdrawals.
- 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) had worked hard to stay in touch with employers during the Covid-19 business disruption and this area was now picking up post pandemic.
- 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').
- 3.20 WBL non-levy 16-18 and 19+ apprentices target not met. (Risk score still at raised level of 15 'red'). Current WBL delivery against the ESFA allocation was being closely monitored but had been severely impacted by the Covid-19 pandemic and was taking time to recover.
- 4.02 Failure to attract and retain staff: especially in highly competitive areas. (New red risk with a score of 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

MINUTES

remained for years 3 to 5 with no change to the baseline.

- 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. The Chair sought clarity on the difference between the risks 1.09 and 4.02 as the narrative did not clearly highlight the difference; this would be amended.

The meeting suggested that there were certain key risks missing from the Risk Register in relation to Health and Safety and the merger with RuTC. The meeting agreed that the lack of staffing and effective processes/ controls in relation to H&S Management would have significant scores on both reputation and likelihood.

The HCUC Risk Register was NOTED and RECEIVED.

The HCUC Risk Register to be amended as follows:

- The narrative of risks 1.09 and 4.02 would be amended to include additional nuance in order to differentiate between the two risks.**
- SLT should consider adding additional 'red' risks to the Risk Register in relation to: the management of H&S at HCUC; and the merger with RuTC.**

14. To receive report on any fraud/corruption issues and additional work required by auditors year-to-date 2022/23

- **Fraud**

VP informed the meeting that during the month-end review he had identified an attempted fraud on one of the College Barclaycards totalling £2,821.48. The meeting noted the detail of the nine fraudulent online transactions which took place during August 2022. VP confirmed that he had notified Barclaycard of these transactions upon receipt of the August statement and they had confirmed that they would refund the total amount. The credit card in question – belonging to the Group Director Finance & Resources - had been cancelled with immediate effect and a new one would be issued with different card details. From previous experiences, Barclaycard indicated that possible cloning could have taken place when transacting online purchases. In light of this VP informed the meeting that the College IT Services department had carried out a review of the desktop PC, on which all credit card transactions had been processed. This review confirmed that the firewall, antivirus software and security arrangements were all operating as intended. The College credit card continued to be locked in the College safe at Uxbridge Campus and had not been taken offsite for any face-to-face purchases. The meeting asked whether the transactions with Turkish Airlines could be used to pursue the name of a perpetrator but noted that GDPR rules precluded that information being made available to HCUC (although Barclaycard could pursue this route of investigation).

- **Additional work required by auditors**

VP confirmed that there had been none year-to-date 2022/23.

The meeting NOTED the report.

MINUTES

15. To confirm and agree the dates and times of meetings for 2022/23

The dates and times of the meetings noted as follows:

- Wednesday 23 November 2022 (joint meeting with Resources Committee)
- Thursday 9 March 2023 at 9.30am
- Thursday 15 June 2023 at 9.30am

Governors agreed that it would secure better attendance if future sub-committee meetings were held online rather than at the College. Recent experience had demonstrated that online meetings did not detract from effective governance.

The meeting dates were NOTED.

It was AGREED that future Audit Committee meetings would be kept online unless a physical presence was necessary.

16. Feedback to Governing Body Meeting 4 October 2022

It was agreed that the following items would be given as feedback to the next Corporation meeting:

- i) Health & Safety Audit Action Plan: Audit Committee had continued to monitor the Health & Safety update and progress made to address the issues raised at the audit of H&S at the College (June 2021)
- ii) External Audit 2021/22: The meeting received an outline of the planned timetable from Cooper Parry, the college's external auditors. The audit of the financial statements 2021/22 would commence on 17 October 2022.
- iii) Key performance indicators for auditors: These had been agreed and would be confirmed in November 2022 when they would be appended to the annual Audit Committee Report to the Corporation.

17. Any other business

• Enrolment 2022/23

The CEO (DDS) confirmed that enrolment numbers and meeting funding targets was still providing a challenge. The overall HCUC position was now within 100 students compared with the prior year. However, there was likely to be a longer tail on enrolment as the College was still actively recruiting. DDS highlighted that minimising the withdrawal rate would be key in advance of the cut-off point of the R04 submission in mid-October 2022. Staff were focussing efforts into the identification of high risk learners (currently estimated at circa 8% of their total student body) and working to save these enrolments. The meeting noted that the current ESFA target was 5775 and enrolment was 150 below this. However, governors were reminded that by the end of the 2021/22 academic year the College had fully met its target. The 19+ recruitment was above target but this was noted as less crucial to the overall financial position.

Anecdotal feedback from other Colleges confirmed the sector-wide challenge to meet enrolment targets. Current thinking was that schools were holding onto learners after a dampening of exam results (the first year back to exams after CAGs and TAGs during Covid). There was also evidence that young people were going into employment rather than attending college to support their families during the 'Cost of Living Crisis'. DDS informed the meeting that an update would be provided at the Governors' Strategy day in November 2022.

The Enrolment update was NOTED

MINUTES



- **Retirement of HCUC CEO/ Group Principal (DDS)**

The meeting was reminded that this would be the last attendance of DDS at Audit Committee before his retirement at the end of October 2022. The meeting commended DDS for his input and attendance at Audit Committee as CEO and Group Principal over the last 3 years; his experience and depth of knowledge had been very beneficial for the governors. DDS thanked the Audit Committee for their ongoing scrutiny and challenge; he believed the rigour of the governance process at HCUC was a key element of the College's strength.

- **Resignation of Head of Finance**

The meeting also noted that this would be the last attendance at Audit Committee for the Head of Finance (VP) as he had resigned and would be leaving HCUC at the end of September. The Chair thanked VP for his input over the last few years and commended his accuracy and for being helpful and always on-point. The meeting wished VP well in his new role.

There was no other business. The meeting closed at 10.45am.

Signed.....

Date.....