

# MINUTES

**Directorate:** Governance

**Minutes of:** Audit Committee

**Date:** 10 March 2022      **Time:** 09.30

**Venue:** Online via MS Teams

**Present:** Nasim Khan (NK)      Governor (Chair)  
Tracey Critchley (TC)      Governor  
Steven Cochran (SC)      Governor

**Apologies:** Ketan Sheth (KS)      Governor

**In attendance:** Darrell De Souza (DDS)      CEO/ Group Principal  
Vik Patel (VP)      Head of Finance  
Tracy Reeve (TR)      Director of Governance  
Shane Woodhatch (SW)      Group Director Finance & Resource Planning  
Andy Miller (AMi)      Exec Director Corporate Services (*part*)

## 1. Chair's Agenda Item

NK confirmed that there was nothing to raise within the Chair's agenda item.

## 2. Apologies for absence

Apologies had been received from Ketan Sheth who was unwell.

## 3. Notification of any urgent item 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

No interests were declared.

## 5. Minutes of the meeting held on 24 November 2021

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

## 6. Matters arising from the minutes of the meeting held on 24/11/21 not already on the agenda

### • Rebuttal off SQR Health & Safety (H&S) Audit Report (*Minute 9 page 5*)

AMi (Exec Director Corporate Services) joined the meeting to provide an update on work undertaken since the unsatisfactory audit report had been received from SQR in June 2021. AMi reminded the meeting that as the audit was undertaken during the pandemic there were a limited number of suitable audit firms available. After rejecting the first report due to ongoing anomalies and inaccuracies, HCUC management had accepted the revised report as it provided satisfactory assurance even though some anomalies were still included. Audit Committee had first considered the report from SQR Group Ltd in September 2021 and had subsequently asked management to gain evidence in order to be able to fully rebut the report. AMi confirmed that ongoing dialogue with SQR had not been possible – they were non contactable - so the College had turned to an alternative solution. Governors were informed that a replacement Health & Safety Advisor had been recruited to start in early 2022 but they had resigned from post at the end of their first week. AMi asserted that this individual was very highly qualified – possibly over-qualified – and her resignation had highlighted shortcomings at all levels of H&S across HCUC. After this, the College SLT had taken the decision to undertake a 'root and branch' review of H&S process and practice across HCUC.

# MINUTES

The College had recruited a former HCUC interim H&S advisor who was now working as a specialist consultant to undertake this additional review. AMi assured the meeting that this review provided a level of technical expertise from someone who knew Harrow and Uxbridge colleges well. However, additional input would need to be provided to get all staff onside and making the compliance agenda embedded across the college. The meeting noted that the first report from this specialist H&S consultant had uncovered a lot more than expected. However, AMi highlighted that the report had been written from a position of 'worst possible case' and made no allowance for the ethos of 'so far as is reasonably practical' as quoted by the HSE and ROSPA. DDS also highlighted that the report did not reflect the specialist nature of education settings and the specific H&S rules within schools and colleges which did have a bearing on managing H&S. The ongoing reference to criminal liability was too strong and was making staff scared of H&S requirements so delaying compliance. The meeting noted the 11 main topics in the report and the 13 main recommendations; it was agreed that there was an element of repetition within these recommendations. Governor also highlighted that the list of recommendations did not reflect any materiality or importance. AMi confirmed that many of these recommendations had already been implemented e.g the H&S Policy Statement had now been signed by the Chair of Governors as well as the CEO. A new H&S Policy was being drafted which clearly showed ownership and accountability throughout the College; previous process had required too much liability to be held by the central H&S Adviser. The SLT and EMT would also accept the HSE guide HSG65 'Managing for Health and Safety' as the basis for all H&S processes at HCUC. However, AMi highlighted that HSG65 was quite technical and would be hard to follow for many staff; it would be rewritten in a format so that it was accessible for staff to follow. AMi highlighted the importance of recommendation 9 'that the risk assessment profile of HCUC is formulated and established by EMT so that limited resources can be directed to the highest risk activities first'.

First steps: The meeting noted that the report had been discussed at SLT on 18 January 2022 and at this stage a number of the recommendations had been actioned. However, the remaining recommendations would rely on changing the H&S culture at HCUC so that leadership at all levels within the organisation was taking responsibility for H&S management. The previous centralist approach with all accountabilities lying with the H&S Adviser would need to change. AMi informed the meeting that the key H&S resources had been identified and put into an MS Teams folder with all of the SLT having access so that it could be cascaded through the organisation. AMi confirmed that there were already examples of good practice moving to this new decentralised process. He also informed the meeting that there had been a restructure so that the H&S Adviser would report directly to him rather than the Head of Estates and Security; this would remove any potential conflict of interest moving forward.

Next Steps: The meeting noted the following proposed next steps in the action plan:

- A revised H&S Policy was being finalised and would be taken to the next Governing Body meeting for approval (29 March 2022).
- Management would look at the ongoing value of the OSHENS system for staff to use to produce Risk Assessments or whether there was a better way of doing it.
- A programme of small-scale H&S inspections would commence with small scale inspections of high-risk areas being prioritised. Findings would go to Heads of School and departmental directors to allow follow-up of findings/ recommendations.
- H&S Training would be improved with the ideal being: IOSH Managing Safely training for Estates staff; IOSH Leading Safely for EMT/ SLT and possibly Governors. **The committee AGREED that it would be a good idea to consider whether the Corporation should have a designate Lead Governor for H&S.**
- Risk Assessment Training would be offered to all managers to remove any ongoing 'fear' around complicated Risk Assessments.

AMi reaffirmed the current conclusion that although HCUC was working in a safe manner, there was room for improvements and corrections to be made. The Chair sought confirmation on whether the original plan to rebut the SQR Report was now not possible as more things had come to light from the subsequent

## MINUTES



college commissioned 'deep-dive'. AMi confirmed that some of the other areas in the SQR Report were found to be inaccurate after the deep-dive exercise. SQR had only been on site for 3½ days and the report was less accurate than even first thought but additional issues had been identified.

Governors were pleased to receive assurance that HCUC was operating in a safe manner and noted that many of the 13 recommendations were process and administration related. The meeting sought further assurance on how H&S would be managed on an ongoing basis and whether a replacement permanent H&S Adviser had been recruited. AMi confirmed that the Job Descriptions for the H&S Adviser (H&SA) and Assistant H&SA had now been reviewed by the Head of Estates and the Interim H&S Adviser. They would be finalised by HR and then advertised. The meeting noted that the interim H&SA was currently providing AMi with all instances of good and bad practice for follow-up and these had been used to build the revised Job Descriptions. The Audit Committee agreed that the appointee would need to be technically competent as well as being approachable and helpful so that people would engage with H&S compliance. The meeting agreed that the most important thing moving forward was to engage all staff so that had a balance of respect for H&S and were able to engage without fear around the compliance requirements. This was agreed as the 'usual' way of doing things at HCUC. The meeting discussed future H&S Audits and it was agreed that the college would need to source a different specialist auditor than had been used before.

Page | 3

The CEO (DDS) thanked AMi for the report and his summary. DDS confirmed that in terms of the SQR audit report the interim H&S Adviser had effectively rebutted the report and the subsequent 'Deep Dive' had pointed the College in a useful direction. DDS reminded the meeting that after the Harrow and Uxbridge merger the previous H&SA had started to decentralise the accountability for H&S over the four campuses. However, the Covid-19 pandemic had necessarily skewed the emphasis of all H&S work; as the pandemic receded a wider view was once again appropriate. Governors were assured that during the recent full inspection Ofsted had look at H&S vigorously and nothing of key concern was raised. However, DDS concurred that ongoing vigilance needed to be a devolved responsibility; if the correct culture was not in place from the top then it was inevitable that 'gaps' would appear further down the organisation. DDS highlighted the recent statement from the interim H&SA that 'If the College was treating H&S like they did Safeguarding HCUC would be in a better place.' DDS confirmed his acceptance that the College needed a heightened awareness and ongoing vigilance.

***The meeting NOTED the update on the audit of H&S at HCUC.***

***It was AGREED that an update on progress would be brought to the next meeting of the Audit Committee and that it would be a standing item update item until the action plan was completed.***

***[Exec Director Corporate services (AMi) left the meeting.]***

- **Joint meeting of HCUC and RuTC Audit Committees** (*minute 6 page 2*)

The Group Director Finance & Resources (SW) confirmed that the joint Audit Committee meeting with RUTC to discuss the recent KPMG funding audit had taken place as planned on 30 November (online). (*See full minute in Part 2 confidential minute.*)

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

## 7. Review of previous audit recommendations

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

# MINUTES

Item 2.2 and 3.5 Fixed Assets: The meeting considered the recommendation from the February 2021 Key Financial Controls audit in relation to Fixed Assets (disposal and inventory) which now flagged as 'amber' on the Recommendations Log. VP confirmed that the count of assets was now underway but had been paused until the Easter closure to avoid disruption to teaching. Progress had also been made with regard to disposals; these were now disposed of on a monthly basis and tracked through Microsoft System centre Configuration Manager (SCCM) software. This would facilitate ongoing updates of the asset register to be undertaken easily and on a timely basis. Item 2.2 (count of fixed assets) was now flagged as in progress with a completion date of August 2022. Item 3.5 was now completed and the meeting noted that The Finance Team were seeking confirmation and training from FMIS on the ability to edit individual assets moving forward.

Item 2.3 Accounting Policies and Procedures: The meeting noted that work was now completed on the production of a Finance Manual (completed by the due date of the end of December 2021). The meeting commended this work as it was key for succession planning. The Chair sought confirmation on whether there had been compliance on ensuring that staff were raising Purchase Orders (PO) before committing to expenditure. VP confirmed that this was now less of an issue which was being helped by making suppliers aware that they would need a PO before payment was authorised. SW informed Audit Committee members that termly performance reviews for all curriculum and support areas would look at any non-compliance and would closely manage budgets to control expenditure.

Item 4.2 Effective lockdown procedure and drill: The meeting noted that Uxbridge College had not yet run a Shelter in Place drill (previously titled Lockdown Drill) as this had been deferred due to the large numbers of learners and the ongoing incidence of Omicron Covid-19 variant. DDS confirmed that a drill had been run at Harrow College. The SLT were planning to run this at all campuses during the summer term. In advance of this detailed guidance had been issued to all staff around the Shelter in Place procedure and tutorials on this subject would be delivered to learners.

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 July 2022.

Item 1.2 ALS Funding: The meeting noted that the ALS checks had not yet commenced but this recommendation would be started in March 2022 with a completion date of April 2022.

Item 2.1 Due Diligence checks on sub-contractors: The meeting noted this was completed.

Item 2.2 Sub-contractors signed contracts: The meeting noted that this recommendation had now been completed. Governors (SC) sought confirmation on whether this had ever caused HCUC any issues and SW confirmed that there had never been any incidence of clawback related to this issue in the past.

Item 1 Data accuracy of ILR and apprenticeship funding: The meeting noted that control checks would be in place from April 2022. VP highlighted that co-investment from employers would also need invoicing. In order to take this forward Finance now had a tracker spreadsheet which was shared with MIS and the WBL Team to facilitate this invoicing and chasing of any debt.

Item 2 Data accuracy – Work experience: The meeting noted that this was now completed.

***The Register of Outstanding Audit Recommendations was NOTED.***

## 8. Progress Report on Internal Audit Strategy 2021/22

The meeting noted a verbal update on progress against the Internal Audit Plan 2021/22 which had been provided by the Group Director Finance and Resource Planning (GDFRP), Shane Woodhatch. The report confirmed that there had been no changes to the plan for the current year as originally approved by the Audit Committee at the start of the year and by the Corporation in December 2021. The meeting noted that the Key Financial Controls audit would be undertaken by McIntyre Hudson LLP in March 2022; they did not have the capacity to undertake this during January or February 2022. SW informed the meeting that the GLA required sub-contracting to be audited by someone other than their

# MINUTES

own audit team; the college had commissioned KPMG to audit this provision (starting date 11 March 2022). Both of these audit reports would be brought to the next meeting of the Audit Committee in June.

SW confirmed that there was currently £17,000 headroom against the £58,600 annual budget for internal audit work 2021/22. The Audit Chair confirmed that Audit Committee would want the whole budget to be spent and asked SLT to suggest a focus for the audit work. Initial thoughts were that possible areas for audit could be Health and Safety or Human Resources at the start of the appointment of a new HR Director for the College in April 2022. The Chair of Audit Committee also highlighted that as Ofsted had focussed on Apprenticeships this could be an area for inclusion. SW also suggested that a similar priority had been placed on High Needs provision by Ofsted so this should also not be discounted.

**The Internal Audit Strategy update report was NOTED.**

**It was AGREED that SLT should consider where the balance of the annual budget (circa £17,000) should be spent.**

## 9. To receive report on any fraud/corruption issues and additional work required by auditors 2020/21

### • **Fraud**

SW informed the meeting that since writing the report – which contained a nil return – an incidence of attempted theft/ fraud had been identified. Audit Committee members were reminded that the college commissioned a specialist company to dispose of obsolete IT equipment in an environmentally friendly way. In view of this the IT department had put 25 iMacs in a room awaiting pick up for disposal. A member of staff sought permission from his line manager to take some of the machines for himself as they were being disposed of. Permission was refused but the individual went ahead and took nine iMacs – each with a street value of circa £200. A whistleblower highlighted this theft which was substantiated by video evidence of the staff member putting the iMacs on a trolley and loading them into his car. There was a subsequent investigation and the individual returned the machines and resigned with immediate effect. SW confirmed that he had not pressed charges yet as the property had been recovered and there had been no material loss to HCUC; this would be considered further by SLT. However, Governors asserted the need for staff to understand that they could not take this approach to obsolete HCUC property even if it was ringfenced for disposal. SW reminded the meeting of the previous incident in the Motor Vehicle curriculum area where charges had been pressed after ongoing theft of college property. The Chair of Audit confirmed his support for the College management team to consider the correct course of action when incidents of theft or fraud occurred on a case-by-case basis.

**The recent fraud/ theft was NOTED.**

### • **Additional work undertaken by auditors**

No additional audit work had been commissioned by HCUC to date during 2021/22.

**Noted**

## 10. Risk Register Update

The meeting received the HCUC Risk Register that had been updated by the Executive Team, through a review of the 2020/21 and 2021/22 corporate goals, and projects coming on stream throughout the year. 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:

- 1.08 Insufficiently qualified and equipped staff to support the delivery of study programmes and quality outcomes for learners. (Risk score unchanged at 12 'red').
- 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 at the Governors' Strategy Day in October 2021 and regularly at

# MINUTES

Resources Committee. 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.

- 1.12 Project Work fails to prepare the College for T levels, CDF and the Transition Fund. (Risk remains at 15 'red')
- 1.14 College fails to retain Highly Trusted Status (HTS) for international students (Risk score at 12 'red'). It was confirmed that HTS secured for the current year but this continued to be a high-risk area.
- 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 would be brought to the next 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 had been discussed during recent discussions around the mid-year plan and financial forecast. This was also a key factor in the combined financial plan for HCUC and Richmond Upon Thames College as discussed at the merger Joint Steering Group. SW informed the meeting that the decrease in the 16-18 funding allocation from the ESFA for 2022/23 was a loss of £2.4m (equivalent to 300 learners). SLT were mindful of the need to get enrolment levels back to pre-Covid numbers for the September 2022 enrolment.
- 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 as the pandemic eased.
- 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.
- 4.05 Failure to achieve IoT targets (Significant red risk with a score of 12.) The ongoing dialogue with the DfE around targets continued.
- 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. The ongoing work to strengthen IT security was also noted.
- 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.
- 5.13 Operational impact due to Coronavirus (Covid-19). (Risk score reduced from 12 'red' to 8 'green'). The meeting was assured that the College would not allow any complacency around ongoing adherence to all Public Health England and Government guidelines as the pandemic restrictions loosened.

The meeting noted that many of the 'red' risks were in the key area of meeting funding targets (16-18, Institute of Technology and Work Based Learning). DDS assured the meeting that these were all being closely monitored at SLT level.

# MINUTES

The Chair of Audit Committee (NK) highlighted risk 1.16 in relation to 'insufficiently qualified and equipped staff to support the delivery of study programmes' which had always been red and seemed that it would always stay 'red' due to the nature of the risk and its likely severity. He asked management whether the risk rating for this risk – and similar red risks – could ever change. DDS confirmed that this was one area that the college could not afford to get wrong. Although HCUC staff had excelled at the recent Ofsted inspection, there was a heightened awareness and concern across the FE sector around the specialisms and future demands of the White Paper. DDS asserted that this needed to be clearly flagged within the Risk Register and highlighted as a constant. SW confirmed that these high level 'red' risks were so crucial to the success of HCUC funding and operation that they would always be red. The meeting agreed that although the Risk Register was showing these risks correctly it did to some extent become 'wallpaper'. SW suggested that he should pull out the mission critical risks - which were likely to always remain as a red rating – into an Executive Summary paper. This format was already used for reporting to the full Governing Body.

***The HCUC Risk Register was NOTED and RECEIVED.***

***It was AGREED that the future Risk Register reports to Audit Committee should contain an Executive Summary of 'mission-critical' red rated risks which were unlikely to ever secure a lower RAG rating.***

## **11. To confirm and agree the dates and times for the Audit Committee meetings in 2021/22**

The Director of Governance confirmed that the next meeting would be held on Wednesday 16 June 2022 at 9.30am.

## **12. Any Other business**

There was no other business.

The Audit Committee meeting closed at 10.45am.

Signed .....

Date.....

**Part 2 Confidential Minutes follow on page 9**



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# MINUTES

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**Part 2 Minutes of:** Audit Committee

**Date:** 10 March 2022      **Time:** 09.30

**Venue:** Online via MS Teams

**Present:**

Nasim Khan (NK)	Governor (Chair)
Tracey Critchley (TC)	Governor
Steven Cochran (SC)	Governor

**Apologies:** Ketan Sheth (KS)      Governor

**In attendance:**

Darrell De Souza (DDS)	CEO/ Group Principal
Vik Patel (VP)	Head of Finance
Tracy Reeve (TR)	Director of Governance
Shane Woodhatch (SW)	Group Director Finance & Resource Planning
Andy Miller (AMi)	Exec Director Corporate Services <i>(part)</i>

## Part 2 Confidential Minute

### 13. Part 2 Confidential Minutes of the meeting held on 24 November 2021

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

### 14. Matters arising from the Confidential Minutes of the meeting held on 24/11/21 not already on the agenda

- **Joint meeting of HCUC and RuTC Audit Committees** *(minute 19 page 12)*

The Group Director Finance & Resources (SW) confirmed that the joint Audit Committee meeting with RuTC to discuss the recent KPMG funding audit had taken place as planned on 30 November (online). Audit Committee was reminded that the findings of this audit had been discussed at the previous HCUC Audit Committee meeting in November 2021. SW also confirmed that HCUC had fully implemented the suggested changes to its ILR following the recommendations from the GLA audit of adult education budget (AEB) funding. However, RuTC had taken the decision not to adjust its ILR submission. The Audit Committee Chair expressed ongoing concern around a possible lack of rigour within the MIS department at RuTC. SW assured the HCUC Audit Committee that the HCUC Director of Funding and Information (KR) - as the designate MIS lead post-merger - would ensure that a fully rigorous process was in place around the RuTC ILR.

SW informed the meeting that although the proposed data-sharing agreement with RuTC was not yet in place the SLT were very aware that it would need to be in place as curriculum planning for the joint college 2022/23 moved forward.

[END OF MEETING]