

CORPORATION OF HILLS ROAD SIXTH FORM COLLEGE

Minutes of the Meeting of the Audit Committee held on 4 December 2024

Present	Laragh Jeanroy (Independent Chair of the Committee), Anthony Omo (Vice-Chair of the Committee), Adrian Clark, Mark Dawe, Richard Westcott.
Governance Services	Robert Smith (Governance Professional)
In Attendance	Saira Hanif (Chief Finance Officer), Rachel Hooper (Chief Operating Officer), Leisyen Cox (Scrutton Bland: Internal Audit Service).

1 Apologies for Absence and Quoracy

Apologies for absence had been received from the following member of the Committee: Carrie Anne Philbin.

Rachel Hooper was welcomed on the occasion of her first attendance as a participating observer at a meeting of the Committee.

The meeting was quorate.

2 Declarations of Interest

None.

3 Minutes of the Previous Meeting: 13 November 2024

The minutes were approved as a correct record of the business transacted, and *prima facie* evidence of the proceedings to which they relate.

4 Matters Arising from the Minutes: 13 November 2024

None.

5 Board Assurance Framework (BAF), Operational Risk Register, College Risk Dashboard & Risk Management Policy

The above reports and the draft policy were received and considered.

In relation to the Board Assurance Framework, it was noted that:

the rating of BAF 1 (failure to monitor financial performance) had been raised because of uncertainty about funding linked to government-driven changes in pay, employer national insurance contributions, and the support staff pay spine, further compounded by the College's low free reserves position, which had been affected by high VAT costs – the risk will be monitored closely with the aim of mitigating it by reducing expenditure where possible while continuing to seek best value-for-money options;

the rating of BAF 8 (poor health and safety practice) had been lowered following the completion of estate maintenance works; and

the rating of other BAF risks is unchanged from the previous iteration, but that relating to BAF 4 (support staff turnover), although unchanged, is subject to continuing scrutiny.

In relation to the Operational Risk Register, it was noted that:

the rating of Risk 2.4 (in-house takeover of the catering facility) had been lowered following its successful implementation;

the rating of Risk 3.3 (over-reliance on sole staff or bespoke systems) had been lowered by reference to system adaptations in IT and other college activities;

the rating of Risks 3.5a & b (relating to the adoption of AI by teaching staff, and formerly a single risk 3.5) had been raised owing to the relatively early stage of its implementation; and

the rating of other operational risks is unchanged from the previous iteration, but that relating to Operational Risk 2.1 (pay costs), although unchanged, is subject to continuing scrutiny.

It was reported in response to members' questions that:

the percentage allowance for increased pay costs, including contingency, in the 2024-25 budget has been set at a level intended to adequately cover the terms of the eventual agreement; and

new accounting software will permit improved cash flow forecasting, but remains a work in progress at present.

Members suggested that it would be good practice to budget annually for increases in the National Living Wage.

It was also observed that the most significant financial risk facing the College relates to pay costs, which lies mostly outside its control. However, the College can control how staff are utilised so as to optimise the application of resources. The close relationship between pay and staff recruitment and retention was also acknowledged.

Members invited the College management to consider for future iterations of the Risk Register the impact scoring of BAF 1 since, if the risk is being effectively managed, the probability that it will crystallise should be low.

Members approved the changes to the risk ratings in both the BAF and the Operational Risk Register.

Members noted the College Risk Dashboard, and raised the question of whether Staff Attendance should be included. In responding, the Chief Finance Officer observed that staff attendance is not perceived as an active operational risk, though pertinent data is routinely collected and reviewed within the College. It was additionally observed that staff absence does not translate directly into classes not held. Members agreed that, if it is not an issue, it is not a risk in need of report.

Members also noted the low level of support staff turnover in the current term and expressed the view that, if the improved trend is maintained, it might no longer need to be reported as a risk.

The Risk Management Policy was recommended for approval by the Corporation at the meeting to be held on 5 February 2025.

6 Estates Strategy

It was reported by the newly-appointed Chief Operating Officer that work is in progress to broaden the application of the asset management system, in particular to exploit its links with sustainability and estate development, which are drivers of change.

It was agreed that a full written update be provided for the meeting of the Committee to be held on 26 February 2025, and that the Director of Estates attend the meeting.

7 Internal Audit Report: Single Central Record (SCR) Compliance

The report was received.

It was noted that reasonable assurance had been given to the College in terms of the management of risks implicit in the SCR. *Reasonable assurance* means that the adequacy or operation of controls in some areas would benefit from improvement. The College has been assured that it is compliant with SCR requirements, but that the recommended improvements will assist it to emulate best practice.

The following matters were specifically noted, namely that:

the SCR had not always been used to capture and record all necessary pre-employment checks, though it is acknowledged that a project to update it with comprehensive and verified data held on personnel files, and to regularly review and maintain it subsequently, had been initiated and is continuing;

not all mandatory data had been captured within the SCR at the time of the review, and its inclusion is therefore a high priority;

provision is required within the SCR for recording information relevant to fully observing Keeping Children Safe in Education (KCSIE) 2024; and

provision is required within the SCR for recording inter alia information relevant to right-to-work expiry dates, the dates that online DBS checks are performed, and those on which risk assessments (where DBS checks have not been finalised) are completed.

It was reported that the College had disclosed weaknesses in the SCR to the auditor prior to commencement of the review, and that measures had been initiated to address them.

The Director of Human Resources had further undertaken to implement the report's high priority recommendation immediately and other recommendations at the earliest opportunity.

A range of other "value-added points" (i.e. not having the status of formal audit recommendations) was also noted. It was agreed that the College's response to them will be reported at the meeting to be held on 26 February 2025.

It was noted that CST supervision of HR activities is now vested in the Vice-Principal: Staff and Student Learning.

The Committee sought further details of procedures in the event that hard copy DBS clearances are not received and inspected by the College at the moment, or prior to the date, employment commences. In response, the Chief Finance Officer advised the Committee that the conduct of risk assessments, which are completed before the commencement of employment, and "shadowing" of affected staff are applied as interim measures. It was also reported that references, including for agency staff, are always taken up before employment commences, and that the online list of persons disbarred from employment in educational settings is consulted by the College.

To inform the Committee in more detail, members asked the internal audit service to conduct a review of the College's recruitment processes for report at the meeting of the Committee to be held on 26 February 2025, the outcome of which would enable the Committee to fulfil its obligation to give evidenced advice to the Corporation.

Members further reflected that the decision to commission an additional review had been informed by the College's desire for constant improvement and the ability to demonstrate exemplary practice across all its key activities.

8 Policy: Provision of Non-Audit Services by the Financial Statements (External) Auditor

The above draft policy was received and, subject to it stating that the fees for non-audit services shall not exceed 50% of the total payable to the auditor in the course of a financial year, was approved by the Committee on behalf of the Corporation.

9 Tender for Financial Statements Auditing Services

It was noted that the internal audit service is ineligible to tender for the financial statements audit, even if proposing to field separate teams.

The Independent Chair undertook to alert the Chief Finance Officer to any new entrants to the sector who might be suitable for consideration.

It was agreed to appoint a Selection Panel consisting of the Independent Chair of the Committee, Richard Westcott (Member of the Committee), the Chief Finance Officer and the Governance Professional to oversee all arrangements for the tender, interview shortlisted firms and recommend an appointee to the meeting of the Committee being held on 26 February 2025.

10 Review of Staff Expenses

The schedule of expenses reimbursed to staff covering the period from 1 May 2024 to 31 July 2024 inclusive was received and noted.

11 Safer Recruitment Panels

A report covering staff appointments commencing during the Spring and Summer terms 2023-24 and the Autumn Term 2024-25 (to date), setting out the dates of interviews and the membership of staff selection panels in terms of persons trained in safer recruitment, was received and noted.

12 Reasons Given by Staff for Leaving College Employment (Anonymised) 2023-24

Information was presented by the Chief Operating Officer, relating to staff who had left the College during the 2023-24 academic year.

It was reported that, of the 30 leavers during the year, 23 had been inferred to be satisfied leavers, and 7 dissatisfied.

13 Confidential Reporting: Staff

There had been no instances to report.

14 Confidential Reporting: Members of the Corporation

There had been no instances to report.

15 Fraud and Irregularity

There had been no instances to report.

16 Any Other Competent Business

None.

17 Meeting Evaluation

The discussion under Agendum 7 was held to be of direct benefit to students.

18 Dates and Times of Remaining Audit Committee Meetings 2024-25

The following dates and times were noted:

Wednesday 26 February 2025 (6.30pm)

Wednesday 11 June 2025 (6.00pm)

The 26 February 2025 meeting will be held online, and that scheduled for 11 June 2025 will be held in-person at the College.

A list of actions arising from the meeting is set out on the following page.

List of Actions Arising from the Meeting:

<i>Agendum</i>	<i>Responsible Person(s)</i>	<i>Action</i>
5	Governance Professional	Arrange for Risk Management Policy to be submitted for approval by the Corporation at the meeting to be held on 5 February 2025.
6	Chief Operating Officer	Arrange for attendance of the Director of Estates at the 26 February 2025 online meeting of the Committee, and prepare associated report.
7	Vice-Principal: Staff and Student Learning	<p>Report implementation by the College of the auditor's recommendations (SCR) and its responses to value-added points (SCR) at the 26 February 2025 online meeting of the Committee.</p> <p>Arrange for own attendance and that of the HR Director at the 26 February 2025 online meeting of the Committee to answer members' questions arising from the internal audit report on recruitment (commissioned by the Committee at the 4 December 2024 meeting).</p>
8	Chief Finance Officer	Amend the policy in the terms contained in the minute.
9	Selection Panel (Financial Statements Auditor)	Decide all arrangements for the tender process, including the selection of firms to be interviewed.
	Independent Chair of the Committee	Advise the Chief Finance Officer of new entrant firms to be considered for tender invitations.