Agreed by the Committee 3/12/2025

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held by videoconference, starting at 18.00 on Wednesday 22 October 2025.

PRESENT

Geoff Lambert (Chair)
Jacquie Bamber
Kate Barclay

IN ATTENDANCE

Kit Davies (Chief Executive)
Paul Goddard (Scrutton Bland)
Paul Harte (Group Finance Director)
Lizzie Jones (Corporate Services Director)
Keith Turner (Deputy Principal, Curriculum, Quality and Inclusion)
Robert Dale (Company Secretary)

MEMBERSHIP MATTERS

- Jacquie Bamber had joined the Committee for this meeting to ensure it was quorate. A suitably skilled and experienced candidate to join the Board and the Committee was being interviewed on 6 November.

ITEM 1A: APOLOGIES FOR ABSENCE

- None. As there were no matters for the external auditors at this meeting, Hugh Swainson would not attend.
- Accordingly, the meeting was quorate.

ITEM 1B: DECLARATIONS OF INTEREST

- No new or additional interests were declared.

ITEM 1C: MINUTES OF THE PREVIOUS MEETING

- Minutes of the meetings held on 2 June 2025 were approved as an accurate record of proceedings.

ITEM 1D: MATTERS ARISING

- Actions identified in these Minutes had been addressed as follows:
  - Consider how and when to assess compliance with OfS conditions and report to the Audit Committee. **Action complete**. This would be considered at Item 6.
  - Identify and develop proposals to implement further mitigations against the unauthorised disclosure of personal data as a result of email practice. **Action ongoing**. Reminders and training have made an impact on the number and nature of data breaches this year, with only one of the five minor incidents recorded this year relating to email use (not using the bcc function).
  - Review governor suggestions about adding to the three agreed emerging risks and amend the Risk Register accordingly. **Action complete**. Two suggestions

from the Board meeting on 20 October (concerning the risks of outages of cloud-based applications and storage and the ability to understand, interrogate and respond to policy changes) would be included in the discussion at Item 2.

- Amend the Student Satisfaction and Progression report as suggested by the Committee. **Action complete.** Amendments were made to the final report.

- Add update report on outstanding audit actions to the next meeting agenda. **Action ongoing**. The SMT continued to monitor progress with audit actions including those from external audits and those outstanding from the Follow-up report as follows:

    - No recommendations had been made for the Strategic Planning or Maths and English reports.

    - From the Budget setting, Monitoring and Reporting Internal Audit report, three of the four Low risk recommendations had been completed. The fourth (on budget holder training) was in progress.

    - Low risk recommendations from the Student Satisfaction and Progression Internal Audit report relating to enhancing the Student Voice action plan were mostly not due until the end of this academic year; of the two due sooner, one had been completed and one was in progress.

    - Four Low risk recommendations from the classroom-based Funding Assurance report were not due to be completed until 31 December. Three Medium and two Low risk recommendations from the apprenticeships Funding Assurance report were in progress.

    - Of the eight recommendations in the Follow-up report, six had now been completed.

- Carry out a final review of the internal audit plan and provide a final report to the next meeting in September 2025. **Action complete**. The first internal audit report had just been finalised and briefs for all of the planned audits (except the Follow-up) had been confirmed.

- Issue diary appointments for 2025/26. **Action complete**. These appointments have been circulated.

ITEM 2: CORPORATE RISK REGISTER

- The Risk Register continued to be discussed by the SMT with the latest review conducted on 7 October 2025 and considered by the Board on 20 October. This had been a substantial and thorough consideration of the register and resulted in the addition of two new risks, the closure of eight existing risks, and adjustments to the post-mitigation scores for five other risks. The SMT had taken account of advice from the Board and other committees and insights from reports produced by our internal and external auditors.

- Some of the risk closures were because conditions giving rise to them had changed; there was no longer any need to consider banking covenants, for example, as the commercial loan had been fully repaid in July 2025. Summer exam results, building on the improved outcomes from 2023/24 meant that the risk that learners were not making sufficient progress with Maths and English was no longer at the level for inclusion on the corporate risk register – though it would remain a focus for curriculum teams. The same was true of the wider curriculum performance risk; with many

departments' results in the top quartile for the country, the risk of falling behind was much lower.

- Two new risks were also accepted; a delay in completing works to refurbish the facilities that would constitute the Town Centre Campus would create be significant extra costs. Increased reliance on AI tools – either by staff or learners – without proper understanding of their dangers and limitations created a range of possible consequences, financial, reputational and operational.

- The Board had been content with the approach adopted and suggested two other potential risks be considered:

  - Influenced by the outage at Amazon web services (AWS) should either (a) the existing cyber attack risk statement be amended to cover cloud-based service; or (b) should there be a distinct risk statement about this area of risk?

  - Given the large number of policy amendments and initiatives, was there capacity to interrogate and respond to such developments quickly and with agility?

- Governors considered these suggestions and asked:

Question: *What was the nature of the risk arising from the latest set of policy initiatives?* The Register currently included an emerging risk that considered whether the college had structures and resources that allowed it to identify and take advantage of opportunities quickly. The Board's suggestion aligned with both the policy directions set out in the Post-16 White Paper and with the transfer of responsibility for adult skills from DfE to DWP, but time was needed to assess the details of the White Paper; this might lead to a discussion about future Lifelong Learning and HE delivery.

Question: *Was there a timeline for such reflection?* Thinking had already started and would be incorporated into business planning for 2026/27 and beyond. The launch of V-levels in autumn 2027 would require preparation and promotion to potential students early in 2026/27. The Board would be invited to discuss the implications during spring 2026.

Question: *What opportunities were there to influence the owners of Sector plans?* This would require further consideration.

Question: *What view had the Head of Digital taken about the risk from outages of cloud-based services?* NHC operated on a mixed basis; core systems were held on in-house servers and had the protections and resilience described in previous reports, providing for relatively short recovery times. Other systems holding curriculum resources or providing communications (email, Teams etc) were cloud-based and would be affected by such outages. In the case of the recent AWS outage, this had been short-lived, and in a college setting, this would be an inconvenience rather than a fundamental problem. The alternative approach – bringing more applications in-house – probably increased the risk from cyber attack. At present, it was felt that this risk did not reach the level appropriate for inclusion on the corporate register.

Question: *Should the AI risk be scored more highly post-mitigation?* This would be considered.

Question: *While it was appropriate to close the risk around energy costs, was there a need to include a risk about the potential for increased international instability to affect supply chains in unexpected ways?* Extra friction in the world generated the need to consider additional resilience. However, it was not clear how such a risk might actually crystallise and

the response was likely to be an ability to improvise and find alternative solutions to issues either on a short- or longer-term basis.

Question: *To what extent should the Safeguarding risk take account of the impossibility of supporting students when they were not in college? Would this not create a higher level of residual risk because there was no control over societal developments (such as the Assisted Dying Bill)?* The student profile had changed and was changing, with an increased number of students presenting with additional need; this might be a consequence of the external pressures on families. The college could manage and control risks within the college environment and would involve other agencies as required. Processes, structures and staff training and awareness appeared robust and effective in protecting students.

Question: *What was in place to support staff?* Extensive supervision was provided for all staff in the Wellbeing and Safeguarding team as a matter of routine, to acknowledge the difficult and troubling matters they contended with. External support services were there and used when necessary, for example in the case of the inquest on a former student that had taken place at the end of 2024.

Action: Review Audit Committee advice about the Risk Register at the next SMT review.

- Governors expressed appreciation for a really thorough consideration of the current risk environment.

- **The Audit Committee accepted** the latest iteration of the Corporate Risk Register.

ITEM 3: BUSINESS CONTINUITY PLAN REVIEW

- The SMT had undertaken a walk-through of the Business Continuity Plan (BCP) joined by the other members of the critical incident response team on 30 September 2025. The exercise was conducted by representatives of our insurance broker and was based on a scenario involving a serious road traffic accident at the roundabout adjacent to the St Michael's Road entrance to the Hitchin campus, including the release of an unknown gas (ultimately identified as Bromine) onto our site. This had implications for communications, invacuation, the management of student and staff worries, transport, evacuation, first aid, decontamination, and subsequent repair.

- The team was walked through incident management actions over several time periods – immediately, within 30 minutes, within one hour, twelve hours etc.

- Immediate feedback from the scenario leaders was that the team had demonstrated sound knowledge of how to manage the critical incident, including how to structure responses effectively. There was good support from guidance documents and participants had prepared for the exercise by referring to the business continuity plan (BCP). The team had worked well together and was not afraid to make critical decisions. The exercise had demonstrated a strong position.

- There were some improvement points to be reflected on, such as including more information about interaction with our insurance providers in our current BCP in the event of an incident, reviewing the consistency between the BCP and emergency procedures, checking on how student use of social media in the event of a critical incident might be managed and engaging further with local resilience forums.

- The exercise had built confidence in the team's approach and could be repeated, possibly including middle managers.

Question: *Had the plan considered alternative communication tools if the internet or wifi was down?* There were alternatives, including short wave radios, but comms would undoubtedly be hampered in such a situation.

Question: *How could this be repeated at different sites?* The exercise was intended to test the BCP, not just to examine responsiveness at Hitchin, but it would do no harm to use alternative scenarios for future walk-throughs. This would help make the plan a live document for staff.

Question: *What had been the key learning point from this exercise?* Probably the need to manage communications quickly and effectively, and where possible to control or address social media misinformation which could emerge very quickly. Rapid and clear messaging to parents/carers would be essential in the case of a major incident affecting sites. Other points included early engagement with the insurers, and for the future, making contact with local resilience forums eg about places of safety.

Action: Consider how and when to repeat the BCP walkthrough exercise.

- **The Audit Committee accepted** the report.

ITEM 4: INTERNAL AUDIT REPORTS

- Two Internal Audit reports had been circulated for discussion. These were:
  - Funding assurance. This had two parts with two different Assurance opinions; one covering classroom-based delivery, for which a Substantial Assurance finding had been given, and one covering apprenticeship delivery, for which a Reasonable Assurance finding had been given.
  - HE sub-contract provision (CECOS). This had been commissioned to address the concerns raised by the Office for Students in respect of our HE partner. This did not have an Assurance opinion as it considered a specific concern.
- The Classroom-based report included four Low risk recommendations to improve processes and procedures which had largely been addressed now.
- The Apprenticeships report had identified more areas for improvement which potentially put funding at risk. Three Medium and two Low risk recommendations had been made relating to improved data accuracy and consistency. For example, one requirement was that the Apprenticeship Agreement and training plan had to be signed by the three parties (the employer, the apprentice and the college within a specified timescale. This had not always been happening. The college's response was to change the process to pick these signatures up earlier when there was more opportunity to find employer and apprentice in the same place. Another example was that sometimes, different values for the Negotiated Apprenticeship Price appeared in the agreement and the funding return. This was not a simple calculation and could be affected by outcomes to certain diagnostics such as Skillscan. More awareness, training and rigour in administration was required. In these cases, and the EPA process, the management response was that the current approach would be amended to remove and reduce the risk of error and inconsistency. This was positive.
- Governors noted that teams used Internal Audit reports as a mechanism to identify areas for improvement and to challenge themselves. There had, indeed, been some significant improvements year on year against recommendations from audits made previously. It was disappointing that the training plan and contract issues were still there though. This had triggered some consideration about how operational and

data/compliance teams could work better together. Overall, there was clear understanding about what was needed to improve the position and actions in place to achieve this. Governors welcomed the focus on data consistency and accuracy.

- The second report examined the effectiveness of the HE sub-contractor (CECOS) in the light of the concerns raised by the Office for Students (OfS). The auditor had been made aware of the 'untested' allegations communicated by OfS, as well as the findings of the previous funding assurance audit and was fraud trained.

- The report concluded that no evidence to substantiate the concerns raised by OfS had been found although several areas of poor practice had been identified. None of this was considered to constitute fraud, however. Five recommendations were made. One of these related to new starters, and as the college had already taken the decision to wind down its partnership with CECOS, taking on no new starters after May 2025, this was not applicable. Actions to address the other recommendations had been outlined and CECOS representatives were now submitting a regular report and holding weekly meetings with NHC colleagues to monitor learner progress and performance. The team was checking to ensure learners were aware of the plagiarism policy and completing Maths and English assessments in the prescribed way.

Question: *Was the intention still to end the relationship once the final cohort of students had completed their programmes in May 2027?* Yes. The focus was on monitoring their progress and managing the accuracy and quality of data submissions.

- Governors expressed their appreciation to Scrutton Bland for the clear report which had informed and supported the significant actions taken by NHC. It was good to hear that weekly meetings were taking place with the provider to keep a close track on their delivery and that the programme would wind down over the next 18 months.

- **The Audit Committee accepted** the two reports.

ITEM 5: INTERNAL AUDIT ANNUAL REPORT 2024/25

- Governos noted the report on Internal Audit activity during 2024/25 which confirmed that the Internal Auditors believed that the college had:

  - adequate and effective risk management processes
  - adequate and effective governance processes
  - adequate and effective control processes; and
  - adequate and effective processes surrounding efficiency and effectiveness.

- The individual reports made during the year had resulted in two Strong, three Significant and one Reasonable Assurance opinions. No High risk recommendations had been made and several areas of good practice had been highlighted. The Follow-up report confirmed that reasonable progress had been made in responding to previous audit recommendations. Overall, this made for a strong report which benchmarked well against other education clients.

- The internal auditors reported that the management team had actively engaged with and supported the audits.

Question: *Were any themes apparent among recommendations across colleges?* Data quality and compliance were regular issues and had come out in several NHC audits this year. It was good that senior management recognised the importance of closing prior

recommendations. The college took audit recommendations seriously and listened carefully to auditors' advice and guidance.

Question: *Were there any resource implications in respect of the issues to be resolved in connection with data quality?* Recruitment to fill a vacancy for a Compliance Manager was under way, but further consideration of the organisation structure was needed. It was recognised that data management was complex, with extensive and detailed records to be handled with a high degree of accuracy. There was still some distance to travel.

- **The Audit Committee accepted** the Internal Audit Annual Report for 2024/25.

ITEM 6: COMPLIANCE WITH OFFICE FOR STUDENTS CONDITIONS OF REGISTRATION

- The list of conditions of registration had been reviewed and the conclusion was that NHC was currently meeting them all. The Office for Students (OfS) was changing some of these conditions shortly; the position would need to be kept under review.

Question: *Were the OfS essentially the same as those expected of universities?* In general, the expectations placed on colleges were the same as or very similar to those on universities. This made them rather onerous for the FE sector.

- Governors were pleased that compliance with the current conditions could be demonstrated and appreciated the effort this entailed.

- **The Audit Committee accepted** the report.

ITEM 7: FUNDING ASSURANCE REVIEW – MAZARS

- This external audit report concerned the deployment of funding for student bursaries and in respect of free school meals. It concluded that the college had "substantially met contractual requirements in complying with the relevant funding documentation set out in the ESFA's funding rules and returned materially accurate data to the ESFA."

- Five recommendations to improve the level of detail in evidence to support claims. It was important for operational staff to understand what was necessary to support evidence trails, for example, recording the value of a lunch taken by a student entitled to a free school meal. A module of the individual learning return had been introduced to better manage bursary data and generate better reports. More training for staff on the level of records needed to support funding audits was also taking place.

- The recommendations made in the report were being actioned.

- **The Audit Committee accepted** the report.

ITEM 8: DRAFT REGULARITY SELF-ASSESSMENT 2024/25

- The Audit Committee considered the draft responses to the annual self-assessment questionnaire considering regularity and propriety. This was required to be completed as part of the annual audit, and was updated annually by DfE in conjunction with the publication of the Financial Handbook. There were a small number of responses to be completed – mainly in connection with finalising numbers in the audit – but the overall position was satisfactory. The final version would come to the December meeting and be signed by the Chair and Accounting Officer.

- **The Audit Committee accepted** the draft report and awaited the final version for approval at the next meeting.

ITEM 9: FRAUD AND WHISTLEBLOWING REPORT

- There had been no reports of fraud since the last report and no cases of whistleblowing submitted.

- Governors noted the internal audit report undertaken by a fraud trained auditor from Scrutton Bland which had not found evidence to substantiate the 'untested' claims of potential fraud shared with NHC by the Office for Students earlier in the year.

- **The Audit Committee accepted** the report.

ITEM 10: GIFTS AND HOSPITALITY REGISTER

- There had been one Gift or Hospitality declaration since the previous report. This concerned a ticket for a football match (Watford FC v Portsmouth) on 21 January 2026 offered by the University of Hertfordshire (who sponsored Watford FC) to each of the four Hertfordshire college principals. The approximate cost of a match ticket would normally be £120 to £150. The four Hertfordshire colleges participated in the local Higher Education consortium with the University.

- Governors agreed that it was not inappropriate to accept the ticket.

- **The Audit Committee accepted** the report.

ITEM 11: CLOSED SESSION

- No one had asked for a confidential discussion with the Committee and so **Members decided** that a closed session was not required.

ITEM 12: ANY OTHER BUSINESS

- None.

ITEM 13: DATE OF NEXT MEETING

- Wednesday 3 December 2025 starting at 18.30.

- The Chair asked that this meeting be held in person as the external auditors would attend to present their post audit report and review the Annual Report and Financial Statements for 2024/25.

Action: Amend the diary appointment to show this as an in-person meeting.

ITEM 14: INFORMATION PAPERS

- Two Information papers had been circulated:
  - Changes in the 2025 College Financial Handbook.
  - Credit Card Signatories 2025/26.

- The Financial Handbook was published annually, and the paper highlighted changes since the previous edition. These reflected closer alignment with *Managing Public Money* and other changes in the regulatory environment.

- There were no fundamental changes to the expectations placed on Audit Committees in this edition, and our current arrangements complied with the specific requirements set out in paragraphs 3.1 to 3.15.

- The report on Credit Card signatories and authorisation levels was reviewed and approved by the Finance Committee on 16 October.

ACTION LOG

Meeting	Minute Reference	Summary of Action	Who	When
22/10/25	2.	Review Audit Committee advice about the Risk Register at the next SMT review.	Robert Dale	18/11/25
22/10/25	3.	Consider how and when to repeat the BCP walkthrough exercise.	Kit Davies	21/11/25
22/10/25	13.	Amend the diary appointment to show this as an in-person meeting.	Robert Dale	31/10/25