Agreed by the Committee 20/4/2026

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held by videoconference, starting at 18.30 on Wednesday 3 December 2025.

PRESENT

Geoff Lambert (Chair)
Kate Barclay

IN ATTENDANCE

Kit Davies (Chief Executive)
Leisyen Cox (Scrutton Bland)
Paul Harte (Group Finance Director)
Lizzie Jones (Corporate Services Director)
Hugh Swainson (Buzzacott, Audit Partner)
Keith Turner (Deputy Principal, Curriculum, Quality and Inclusion)
Robert Dale (Company Secretary)

QUORUM

- Unfortunately, the meeting lacked a quorum, and Governors considered whether to delay the meeting. As most of the items to be considered would subsequently be considered and (if appropriate) approved by the Board, it was agreed that the meeting should go ahead. The Audit Partner from Buzzacott present at this meeting would also be attending the Board meeting to cover the key elements relating to the year-end process.

ITEM 1A: APOLOGIES FOR ABSENCE

- A number of Board members had been asked to take part in this meeting but unfortunately had been unable to do so. Following the appointment of two new Board members, the vacancy would be filled in January 2026.

ITEM 1B: DECLARATIONS OF INTEREST

- Kate Barclay declared that she had been asked to sit on an interim Life Sciences Skills Board for the GLA.

ITEM 1C: MINUTES OF THE PREVIOUS MEETING

- Minutes of the meetings held on 22 October 2025 were approved as an accurate record of proceedings.

ITEM 1D: MATTERS ARISING

- Actions identified in these Minutes had been addressed as follows:
  - Review Audit Committee advice about the Risk Register at the next SMT review. **Action complete**. The SMT completed a review at the end of November and the result was reported at Item 9.
  - Consider how and when to repeat the BCP walkthrough exercise. **Action complete**. SMT is planning to repeat the exercise as part of a Managers' Meeting during the early part of 2026 to raise awareness with a wider staff group.

- Amend the diary appointment to show this as an in-person meeting. **Action complete**. The location had been rearranged, but subsequently needed to revert to being an on-line meeting.

ITEM 2: DRAFT GOING CONCERN STATEMENT

- This paper provided a summary as to why the Board should consider North Hertfordshire College to be a Going Concern for the purpose of the 2024/25 Annual Report and Financial Statements. It was necessary to look forward to at least 12 months from the approval of these accounts – ie until December 2026.

- The overall financial position of the Group at the end of 2024/25 had been good. There was a strong cash position, excluding restricted capital funding, and a small surplus for 2024/25 was achieved. This took account of substantial provisions for dilapidations costs expected to be incurred in 2025/26 and expenditure on improving the estate. There was no remaining borrowing and the DfE Financial Health Rating for 2024/25 was forecast to be Outstanding. In addition to improved financial resilience, the quality of provision was high – expected to be within the top quartile of English FE colleges – and student numbers had grown.

- Forecasts out to 2027/28 suggested the financial position would remain positive both for cashflow and forecast surpluses.

Question: Was the Going Concern statement applicable to both the Group Financial Statements and those of its subsidiary, Hart Employment Services Ltd (HESL)? HESL was a wholly-owned subsidiary and its accounts were consolidated into the Group accounts. However, the position would be clarified in the paper presented to the Board.

Action: Amend the report as advised by the Audit Committee and present to the Board.

- Subject to the suggested amendment being made, **the Audit Committee agreed to recommend** the 2024/25 Going Concern Statement to the Board.

ITEM 3: DRAFT AUDIT COMMITTEE ANNUAL REPORT TO THE BOARD

- This report was prepared every year and summarised the activity of the Audit Committee during the previous year. Importantly, it also proposed Opinions from the Committee about:

  - the Group's audit arrangements, its framework of governance, risk management and control and its processes for securing economy, efficiency and effectiveness, the solvency of the institution and the safeguarding of its assets; and

  - that, on balance, the risk and control framework in 2024/25 was appropriate and acceptable.

- **The Audit Committee agreed to recommend** its 2024/25 Audit Committee Report to the Board.

ITEM 4: REGULARITY SELF-ASSESSMENT QUESTIONNAIRE (RSAQ)

- A draft version of this paper had been presented to the Audit Committee meeting in October. Since then, the final elements had been completed and shared with Buzzacott and it forms part of the package of documents presented to the Board as part of the year-end process. It is used by the auditors as one of the factors they consider when preparing their Regularity report.

- Once the Board has considered and if appropriate approved the RSAQ, It will be signed by the Accounting Officer and counter-signed by the Chair.

- **The Audit Committee agreed to recommend the** 2024/25 Regularity Self-assessment questionnaire to the Board.

ITEM 5: EXTERNAL AUDITORS POST AUDIT REPORT

- Governors noted that 2024/25 had been a strong year in financial and quality terms with highlights including the full repayment of the college's remaining borrowing and another solid EBITDA result. The overall result was slightly better than budget and has been generated at the same time as making provision for [redacted] dilapidations from exiting Units 1 to 5 at Fulton Close by 1 September 2026.

- The audit process had gone well from the NHC perspective and had kept to the timetable; a few final checks needed to be completed, such as completion of the Letters of Representation for both NHC and HESL, but these were all expected and normal.

- The External Audit Partner from Buzzacott reported that this year's project had resulted in a clean audit with an unqualified audit opinion, an unmodified regularity conclusion and no exceptions on the Teachers Pension Scheme End of Year Certification (EOYC).

- The overall result was a surplus of £352k compared with the 2023/24 outcome of a deficit of £(150k). Other than presentational amendments which had no impact on the reported results for the College, there were no adjustments made to the figures presented to Buzzacott for audit.

- Buzzacott found no significant deficiencies in the accounting and internal control systems during the audit but made two recommendations for improvements, one graded 'C' (a matter, that although important, does not warrant urgent attention and should be addressed within an agreed timeframe) and one 'advisory'. The first related to evidence that checks had been carried out when supplier details were changed; there was a robust process, but an audit trail was not regularly maintained. The second concerned implementing a process of confirming periodically that fully depreciated assets held on the register still exist and if not, to write them off.

- The auditors confirmed that recommendations raised in last year's audit had been properly addressed.

- The auditors were content with the proposed Going Concern statement and noted no issues had been identified around income recognition. The Office for Students' focus on the quality of sub-contracted HE delivery had been recognised by the Group in connection with its work with CECOS and this was being wound down as previously discussed.

- The auditors noted a significant proportion of the current cash holdings related to restricted capital funds. These had been excluded from the calculation of ratios and the projected financial health rating.

- The auditors highlighted the increased proportion of capital investment that related to intangible assets. While satisfied with the current treatment, there was a case for separately identifying tangible and intangible assets in future.

- Auditors drew attention to the dilapidations provision; while supported by a report from an independent surveyor, the cost in the accounts was an estimate only and so the

actual cost could differ. They noted that the Local Government Pension Scheme (LGPS) valuation showed a surplus, but as this could not be accessed by the Group, the surplus had been restricted to zero. Looking forward, it was possible that the triennial valuation of the LGPS could result in lower employer contributions in future.

- Benchmarking data from other colleges showed NHC in a generally favourable position. The lower EBITDA this year than the norm arose because of the large level of provision for dilapidations. The payroll ratio was lower than average and cash days in hand strong.

- The recent publication of the FE/HE SORP would affect financial statements for 2026/27, but some preparation might be needed during 2025/26.

- The auditor thanked the executive for their assistance in completing a smooth audit process. Governors expressed their appreciation for the work of Buzzacott's audit team.

- **The Audit Committee accepted** the report **and agreed to recommend it** to the Board.

Action: Consider distinguishing between tangible and intangible assets in future financial statements.

ITEM 6: DRAFT ANNUAL REPORT AND FINANCIAL STATEMENTS 2024/25

- Governors considered the draft annual report and financial statements for 2024/25 which had been introduced by the post-audit report. Buzzacott did not need to draw anything further to the attention of the Committee.

- **The Audit Committee agreed to recommend** the draft Annual Report and Financial Statements for 2024/25 to the Board.

ITEM 7: INTERNAL AUDIT REPORT - ESTATES MANAGEMENT AND CAPITAL PROJECTS

- The first Internal Audit report in the 2025/26 plan had been completed on schedule. This had considered how the Group managed Estates Management and Capital Projects. The report gave a Substantial Assurance assessment and concluded that there was a well-designed and managed framework for handling this activity. There had been impeccable engagement from all teams at NHC, and Scrutton Bland remarked upon this being among the smoothest audits they had ever conducted. There was good evidence that the estates strategy and funding deployment were aligned, that there was good health and safety practice required during projects and that the snagging process was robust. Risk identification and management were strong.

- No recommendations were raised as a result of the audit. Governors were delighted that the first internal audit of the year had been so strong.

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

ITEM 8: INTERNAL AUDIT PROGRESS REPORT

- All planned assurance work for the year was currently on track, although one audit planned for March next year had been slightly re-scheduled; it would still report to the June meeting though. Three more reports were due to come to the Committee in

March 2026, and three in June, with a final report to the first meeting of the 2026/27 Academic year.

- As general advice about key risk and assurance issues, the report included a summary of current high risks for the sector, which the risk register largely reflected. These included cyber threats, workforce recruitment and retention challenges, financial sustainability concerns, skill shortages and gaps, the frequency and breadth of policy changes, increased mental health and SEND demand and technology, AI and digital risks.

Question: *What more needed to be done to mitigate the risks arising from the high threat environment for cyber risks?* The Committee had been briefed about activity in response to managing cyber security during 2024/25, and additional resilience and recovery capacity had been introduced. This was an ongoing process; Cyber Essentials certification was updated annually each September and cyber insurance was in place as part of the Group's wider insurance cover. Governors noted that IT infrastructure was included in the future internal audit plan.

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

ITEM 9: CORPORATE RISK REGISTER

- The Risk Register continued to be kept under ongoing review by the SMT, most recently on 25 November 2025. No additions had been made to the main register and none closed, but three emerging risks had been added. These related to (a) inspections under the new Ofsted framework, as until some inspection reports had been published, it was uncertain how this framework would be applied in practice; (b) local government reform for Hertfordshire – as the final shape of this was in the hands of government. Whatever the final result was, it would undoubtedly disrupt existing stakeholder relationships, which would take time to re-establish; (c) curriculum reform following the White Paper – the consultation does not finish until the new year.

- The higher post-mitigation score for safeguarding noted at the Board meeting had been retained for the present, although the additional resources, training and support provided for this area do offer good mitigation for the higher volume and complexity of need. The position would be monitored and the score might be reduced as the year progressed.

Question: *Should SEND reform be added to the register?* The position was under review, and this might become a register risk in due course.

Question: [redacted]

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

ITEM 10: FRAUD AND WHISTLEBLOWING REPORT

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

- An attempted cyber attack using social engineering had been identified and prevented recently. The college was aware of the high threat environment and the increasingly sophisticated approach being taken by malicious actors.

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

ITEM 11: GIFTS AND HOSPITALITY REGISTER

- There have been no declarations of Gifts or Hospitality since the previous report.

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

ITEM 12: 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 13: ANY OTHER BUSINESS

- None.

ITEM 14: DATE OF NEXT MEETING

- Monday 23 March 2026 starting at 18.30.

ITEM 15: INFORMATION PAPERS

- One Information paper had been circulated. This was a funding assurance audit carried out by RSM on behalf of the Greater London Authority (GLA). It had examined the deployment of the Adult Skill Fund provided the GLA to NHC, and concluded that it had been Satisfactory with no funding errors and no instances of non-compliance with funding rules identified. The college had thus "substantially complied with the funding rules and returned materially (materiality being based on a sample error rate of 5% as defined by the GLA) accurate data to the GLA".

- The report included two recommendations for improvements which had been added to the SMT's audit recommendations tracker.

ACTION LOG

Meeting	Minute Reference	Summary of Action	Who	When
03/12/25	2.	Amend the report as advised by the Audit Committee and present to the Board.	Robert Dale	05/12/25
03/12/25	5.	Consider distinguishing between tangible and intangible assets in future financial statements.	Paul Harte	31/01/26