

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held virtually on MS Teams on Tuesday 15 October 2024

Membership *Ray Levy (Chair)
 *Julia Fillary
 *Michael Travers
 *Dawn Turner

*denotes present

In attendance Paul Goddard, Scrutton Bland
 Ryan Pearce, Scrutton Bland
 Will Allanson, Deputy Principal
 Paul Whitehead, Vice-Principal
 Deanne Morgan, Executive Director – Finance
 Ben Nicholl, Executive Director – IT and Systems
 Ruth Lucas, Head of Governance

1 Apologies for Absence

Apologies for absence were received from Shachi Blakemore, Buzzacott.

2 Declarations of Interest

Michael Travers declared that he is a staff governor, his wife was the responsible manager for the Funding Assurance audit – agenda item 5.1, he was the responsible manager for the Estates Management audit – agenda item 5.2 and he had contributed to the Regularity Self-Assessment Questionnaire – agenda item 8.

3 Minutes of the Previous Meeting

The minutes of the Audit Committee meeting held on 3 July 2024 were agreed as an accurate record of the meeting and were signed remotely by the Chair.

4 Matters Arising from the Minutes (not mentioned elsewhere on the agenda)

4.1 Matters Arising – Risk Register (minute 4.4 refers)

A Governor asked if risk management training had been rolled out across the College. Deanne Morgan reported that there was no value in delivering general training to all managers, however training has taken place with the Executive Team, alongside a focused review of the risk register in its entirety. This has been reflected in the risk register being presented in agenda item 9.

5 Internal Audit

5.1 Internal Audit Risk and Assurance Report – Funding Assurance

The Audit Committee received and considered the internal audit report on funding assurance, presented by Ryan Pearce, Scrutton Bland.

Governors were informed that the internal audit report on funding assurance provided Governors with significant assurance that the governance, risk management and control arrangements for the material risks reviewed are managed effectively.

Governors were informed that the audit is the annual review of funding, focusing on 16 – 18 classroom based provision, adult provision and apprenticeship provision and is aligned to ESFA requirements. The report will be used by Buzzacott as part of their external audit.

Five low level recommendations were made by Scrutton Bland, three for classroom-based provision and two for apprenticeship provision. One recommendation around study programme hours and funding bands was highlighted.

The Committee was informed that medium level recommendations are quite common in these types of audits however this was not the case for Harlow College.

The Audit Committee noted the internal audit report on funding assurance.

5.2 Internal Audit Risk and Assurance Report – Estates Management

The Audit Committee received and considered the internal audit report on estates management, presented by Ryan Pearce, Scrutton Bland.

Governors were informed that the internal audit report on estates management provided Governors with significant assurance that the governance, risk management and control arrangements for the material risks reviewed are managed effectively.

The Committee noted that there has been a period of minor transition within the team due to changes in staff and that there is a good control framework in place. New processes which have been introduced are positive and working well.

One medium level recommendation and two low level recommendations were made by Scrutton Bland.

The medium recommendation focuses on a more structured and automated process for reactive maintenance requests. Michael Travers reported that meetings have been scheduled with the IT team to look at the automated system they use. A Governor asked if an automated process was worth looking at. Michael Travers reported that the possibility of this was being explored before the audit and there are positive actions associated with it, such as staff familiarity. Ben Nicholl reported that the system is not an IT system being shoehorned to fit for estates management and that there is an estates module on the system. Governors were informed that IT have been using the system for a number of years and there is no additional cost for the estates module as the College has access to all management functions on the system.

The Audit Committee noted the internal audit report on estates management.

5.3 Annex G Audit – Higher Technical Education Skills Injection Fund

The Audit Committee received and considered the Higher Technical Education Skills Injection Fund Annex G Certificate, presented by Paul Goddard, Scrutton Bland.

Paul Goddard reported that this is the annual certificate required by the DfE and that the College has a two-year contract for the funding, therefore more funding has been received than currently has been spent however this is not an issue.

Governors noted that the certificate has been provided to the Audit Committee for transparency.

The Audit Committee noted Higher Technical Education Skills Injection Fund Annex G Certificate.

5.4 Internal Audit Annual Report 2023-2024

The Audit Committee received and considered the internal audit annual report for 2023-2024, presented by Paul Goddard, Scrutton Bland.

Governors were reminded that this Annual Report informs the Annual Report of the Audit Committee.

Governors noted the following opinion as stated in Scrutton Bland's Annual Report:

“In our opinion, for the year ended 31 July 2024 the College:-

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

These opinions are designed to assist the Audit Committee when preparing their own Annual Report.”

Paul Goddard reported that Scutton Bland were comfortable in giving a green assurance opinion across all four opinions above. A Governor asked if any other opinions could be given and Paul Goddard confirmed that these four were the only opinions that auditors can give.

Governors' attention was brought to Appendix A. Five individual assurance assignments were delivered throughout the year, one with a strong assurance level and four with a significant assurance level. An advisory audit has also been completed, alongside two Annex G audits.

In total, two medium level recommendations and sixteen low level recommendations were raised. The number and level of recommendations for 2023-2024 were higher than in 2022-2023, however Paul Goddard reported that this is not something that the Committee should be concerned about.

Governors' attention was brought to the benchmarking data and Governors were informed that the College had higher than average strong and significant assurance audits and lower than average number of recommendations have been made in comparison to Scrutton Bland's FE client base.

Paul Goddard thanked management for their support throughout the year, for making themselves available for the audits and providing feedback on the audit briefs in a timely manner.

Ruth Lucas thanked Scrutton Bland for being responsive and adaptable when changes to dates or audit scopes had been requested by the College.

The Audit Committee noted the Internal Audit Annual Report for 2023-2024.

5.5 Internal Audit Progress Report 2024–2025

The Audit Committee received and considered the internal audit progress report, presented by Paul Goddard, Scrutton Bland.

Governors noted that dates have been confirmed for all audits and the first audit is taking place the week commencing 21 October 2024, which would be reported to the December Audit Committee meeting.

Governors were given the chance to reflect on the audit programme for 2024 – 2025 and no amendments were requested.

The Audit Committee noted the internal audit progress report.

6 Teachers' Pension Scheme Audit

The Audit Committee received and considered the Teachers' Pension Scheme (TPS) audit, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the audit is a statutory requirement that is required annually.

The Committee noted that the entries on the TPS portal for two staff out of a sample of twenty were not up to date and Governors were informed that the College is implementing its own internal processes to test this.

A Governor asked what the implications are of this error. Deanne Morgan reported that it could be the TPS has the wrong salary information when staff retire and that there is a need to ensure that the TPS record matches the HMRC record.

A Governor asked how the error occurred. Deanne Morgan reported that a report is submitted every month to the TPS which contains salary details however sometimes there can be a slight misalignment due to, for example, a responsibility allowance being paid or backdated pay being paid. Deanne Morgan reported that checks will be undertaken on last year's entries to ensure they are all up to date and then a monthly sample will be checked going forwards.

The Audit Committee noted the Teachers' Pension Scheme audit.

7 Internal Audit Tracker

The Audit Committee received and considered the audit tracker, presented by Deanne Morgan, Executive Director – Finance.

Governors were informed that good progress is being made with implementing the recommendations and that there were no concerns to raise. Governors noted that the recommendations from the internal audits and TPS audit presented at this meeting will be added to the audit tracker.

Paul Whitehead reported that the risk category of the OfS audit recommendations is significantly inflated by the OfS and whilst a risk has been categorised as high by the OfS, the risk to the College is minimal due to the low number of HE learners. The issue was around recording of qualifications on entry, which is not seen as a high risk to the College and is out of step with risk ratings in other audits.

The Audit Committee approved the audit tracker.

8 Regularity Self-Assessment Questionnaire

The Audit Committee received and considered the Regularity Self-Assessment Questionnaire, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that the Regularity Self-Assessment Questionnaire is a template issued by the ESFA and colleges are required to complete it to assess regularity. It is considered each time the Audit Committee meets, with changes since the last Audit Committee highlighted in grey, and is submitted annually as part of the external audit.

Governors were informed that this version is the final version for 2023-2024, which, if approved, will be signed by the Chair and the Accounting Officer and submitted with the annual accounts.

Governors' attention was brought to the following:

- The Chair of the Audit Committee will now approve the Principal's expenses to help ensure segregation of duties for the Head of Governance.
- The College is still waiting for a response from the DfE on the College's car leasing scheme.
- The College has been cashless since September 2024 which reduces the risk of cash being held onsite.
- IT systems are being moved over to the cloud which reduces the College's exposure to IT and cyber crime.

The Audit Committee approved the Regularity Self-Assessment Questionnaire and recommended that the Corporation approve its signing by the Chair and Accounting Officer, at its meeting to be held on 24 October 2024.

9 Risk Management

The Audit Committee received and reviewed the risk register, presented by Deanne Morgan, Executive Director – Finance.

Governors were informed that a comprehensive review of all risks has been undertaken by the College's Executive Team and that a number of risks have been deleted or combined from the risk register since the last Audit Committee meeting.

Governors noted that new risks have been added to the register as follows:

- **Risk 8 & 10 - Capital (expansion & carbon reduction):** These relate to medium to long term plans that could put at risk the College's reputation, risk failing to meet community and skills need and suffocate potential income and savings.
- **Risk 9 - Capacity (demand):** This reflects the trend in enrolments and whether the College can adapt to the changing need.

Governors noted that the following risks have been revised:

- **Risk 2 - Curriculum Reform:** this risk featured in a slightly different format in 2023/24 and has been amended to reflect the Level 2 and 3 defunding issues in 2024/25.
- **Risk 4 - Quality (Apprenticeships):** this risk has been amended since 2023/24 to reflect the points raised in the Ofsted report of May 2024.
- **Risk 5 - Technology:** As technology develops and in keeping with the College's digital strategy a more wholistic view of IT has been taken, which is reflected in this risk.
- **Risk 7 - Finances (Adult Skills Fund (ASF)):** Due to more authorities within the College's geographical delivery location considering devolved funding this puts a significant proportion of the College's ASF at risk, so has been identified as a separate risk to the College's general finances.
- **Risk 11 - Finances (Good Financial Health):** includes the LGPS pension pressures as the performance of the fund correlates to interest and inflation pressures.
- **Risk 13 - Compliance (legislation):** has been amended to include new statutory expectations that carry significant financial penalties for failure to comply.

A Governor asked about the reduction in risk score for risk 6 - Student Recruitment: learners for HE programmes and compliance with OfS regulation. Deanne Morgan reported that this risk is no longer as significant due to the low number of HE learners the College has and that in terms of overall College income, HE income is very low.

A Governor asked about risk 3 - Safeguarding: Physical harm to students and/or staff and asked about the change in not having security guards on campus. Will Allanson reported that last year the College contracted out for security guards. This was reviewed by management who believed that so much more could be done therefore two youth worker roles were developed which covers positive behavioural support, case work and security. This is a much more proactive approach and the process for reporting incidents with management has not changed in the move from security guards to youth workers. Governors reported that this a good proactive and less confrontational approach. Will

Allanson reported that the College is pleased with how the new system is working and confirmed that it is being well received.

The Audit Committee approved the Risk Register.

10 Anti-Fraud Update

10.1 Fraud Report

The Audit Committee received and considered the fraud report, presented by Deanne Morgan, Executive Director – Finance

Deanne Morgan reported that there is nothing new to report to the Committee.

Paul Goddard reported that there is a big focus in the audit sector on fake news and the risk this poses. Deanne Morgan reported that this was discussed during the Executive Team's session on risk management and is an area which management is keeping a close eye on.

The Audit Committee noted the report on fraud against the College.

10.2 Fraud Risk Assessment

The Audit Committee received and considered the fraud risk assessment, presented by Deanne Morgan, Executive Director – Finance

Deanne Morgan informed Governors that the template has been provided by the College's external auditors and will be submitted to Buzzacott as part of the external audit.

The risk assessment ensures that the College is reducing its risk of fraud and potential exposure to fraud.

Governors were informed that since the report was written, the College has now become a cashless campus.

The Audit Committee noted the fraud risk assessment.

10.3 Anti-Fraud Checklist for Post-16 Providers

The Audit Committee received and considered the anti-fraud checklist for post 16 providers, presented by Deanne Morgan, Executive Director – Finance.

The checklist is provided by the ESFA and Governors noted the responses provided by the College.

The Audit Committee noted the anti-fraud checklist for post 16 providers

11 Data Breach Report

The Audit Committee received and considered the Data Breach Report, presented by Ruth Lucas, Head of Governance.

The Committee noted that the format of the report had been updated.

In 2023-2024, there were six data breaches in total, compared to four in 2022-2023, all of which have been reported to the Audit Committee. The data breaches were categorised as follows: 2 x student details – single record, 3 x student details – multiple records and 1 x staff details – single record. None of the data breaches reached the threshold to report to the Information Commissioner’s Office.

To date in 2024-2025, there have been no data breaches.

The Audit Committee noted the Data Breach Report.

12 Policies for Approval

The Audit Committee received and considered the Whistleblowing Policy and the Information Security and Compliance Policy.

Governors were informed that the Whistleblowing Policy has been revised substantially and is based on the Eversheds Sutherland LLP, the College’s governance lawyers, model policy template for FE colleges. The Policy has also been reviewed by Burness Paull, the College’s employment lawyers, and their comments have been incorporated into the proposed Policy.

Governors were informed that there are no proposed changes to the Information Security and Compliance Policy.

The Audit Committee approved the Whistleblowing Policy and the Information Security and Compliance Policy.

13 Any Other Business

Ruth Lucas reported that compliance with the AoC Further Education Code of Good Governance is now monitored and overseen by the Search and Governance Committee.

The Audit Committee was informed that Dawn Turner is stepping down from her role as Governor due to a change in employer. The Audit Committee thanked Dawn for her valuable contribution to the Committee.

14 Dates of Future Meetings

Autumn Term 2024	Monday 09 December 2024 (including joint meeting with Resources Committee)	9.30am
Spring Term 2025	Tuesday 04 March 2025	9.30am
Summer Term 2025	Wednesday 25 June 2025 (including joint meeting with Resources Committee)	9.30am

Key Points From The Meeting For Corporation:

1. Regularity Audit

To receive and approve the Regulatory Audit for signing by the Chair and the Accounting Officer.