

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

JOINT AUDIT & RESOURCES COMMITTEE MEETING

Minutes of the meeting held on virtually on MS Teams
at 10.30am on Monday 9 December 2024

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| Membership | *Julia Fillary | *Paul Taylor |
| | *John Godley | *Michael Travers |
| | *Ray Levy (Chair) | *Ed Whittle |
| | *Karen Spencer | *Heather Wilson |

*denotes present

In attendance

Shachi Blakemore, Buzzacott
Paul Goddard, Scrutton Bland
Will Allanson, Deputy Principal
Paul Whitehead, Vice-Principal
Deanne Morgan, Executive Director – Finance
Natalie Smith, Head of HR and Employee Relations
Ruth Lucas, Head of Governance

1 Chair for the Joint Meeting

Ray Levy was elected as the Chair for the joint meeting.

2 Apologies for Absence

There were no apologies for absence.

3 Declarations of Interest

There were no additional declarations of interest.

4 Minutes of the Previous Meeting

The minutes of the joint Audit and Resources Committee meeting held on 06 December 2023 were noted as a true and accurate record which had been signed by the Chairs of the Audit and Resources Committees at their meetings held on 5 March 2024 and 27 February 2024 respectively.

5 Audit Findings Report

5.1 To receive, consider and approve the Post Audit Management Report 2023-2024 for recommendation to the Corporation.

The Audit and Resources Committee received and considered the Post Audit Management Report 2023-2024, presented by Shachi Blakemore, Buzzacott.

Shachi Blakemore reported that the audit had gone very well and thanked Deanne Morgan and the finance team for their hard work and for being well

prepared for the audit. The finance team had everything requested available and responded quickly to any queries.

Shachi Blakemore highlighted the outstanding items as detailed in the Post Audit Management Report and reported that the College has provided everything that was asked for, with only the GLA reconciliation being outstanding at this point. The ESFA reconciliation has been received and the change in funding can be treated as unadjusted and therefore be reported in next year's financial statements.

Shachi Blakemore reported that the financial statements audit and regularity assurance are both unqualified, clean opinions and that no exceptions were noted in the Teachers' Pension scheme audit which as completed and submitted in September 2024.

Governors noted that the operational surplus, excluding the LGPS adjustment, is £310k.

Governors were informed that the audit focused on various risks to the College across its different areas of provision. Checks and balances on the bank covenants were undertaken, ensuring compliance with them and ensuring that Buzzacott were in agreement with the College's calculations. Shachi Blakemore confirmed that they were in agreement and there is no suggestion that the bank covenants will not be met in the current year.

Governors' attention was brought to apprenticeship income recognition and Governors noted that during 2023-2024, £227k of apprenticeship debtors was written off relating to 2018-2019. There is a further £389k apprenticeship debtor outstanding relating to 2019-2020 to 2021-2022. There is a risk that this value is overstated therefore the College is undertaking an exercise to reconcile this. Shachi Blakemore reported that Buzzacott would seek some reassurance on this as part of next year's audit.

A Governor asked how likely it will be for the College to recover the £389k back. Paul Whitehead reported that the College has worked through the issue with the audit team. Total apprenticeship income has been looked at, alongside the period the funds are associated with. The £227k related to 2018-2019 and was unrecoverable due to the timescales of the apprenticeships. Work will continue in relation to the £389k. This year's figures and payments received are still being reconciled and there is a central issue with the reporting of data and payment information received from the DfE. The difference is in the data rather than funding for individual learners. Reconciliation of the data is challenging every month and at year-end. The funds are attributed to each year therefore as the College works through the process, the figure should become closed to zero. Karen Spencer reported that there is a complicating factor due to the ESFA moving into the DfE and that across the College's contract lines, two reports are received, with data that differs. Part of the issue is due to the move from apprenticeship frameworks to standards, the reconciliation of the data and how the College is contracted for its apprenticeship provision. A Governor asked if the College has a "gut feel" about how much of the £389k will be

recovered. Deanne Morgan reported that some income is coming in from old debt and that some learners are taking longer to complete their apprenticeship than the planned four years therefore the College is only now receiving the income for this. It is difficult to predict at this stage how much will be non-recoverable.

Governors noted that as this has been raised as an audit recommendation, progress towards completing the agreed action will be monitored by the Audit Committee as part of the audit tracker report which is presented each time the Committee meets. In addition, it will be reported in the management accounts which are considered by the Resources Committee and Corporation each time it meets and will be reported as the proportion being recovered.

A recommendation has been raised around mileage claims having evidence of the mileage claimed submitted with the expenses form. A Governor asked if providing postcode to postcode was sufficient as they did in their workplace and Shachi Blakemore confirmed it was sufficient if it included the route. Karen Spencer reported that this will be followed up by Ruth Lucas with HR and Finance to ensure the process is implemented correctly.

Governors were informed that the recommendation raised in the 2022-2023 audit has been fully resolved.

Governors' attention was brought to the benchmarking data in the report, comparing the College this year and last year and in relation to Buzzacott's other college clients and the general further education benchmarks.

Shachi Blakemore reported that from next year there is an LGPS guarantee from Government which the sector will benefit from. The Chancellor is also looking at the possibility of having just one LGPS for support staff across the country rather than individual schemes. If this is the case, there might not be a need to include the LGPS in the financial statements going forward.

Deanne Morgan thanked Shachi Blakemore and Buzzacott for their work during the audit.

The Audit and Resources Committee approved the draft Post Audit Management Report for 2023-2024 and recommended it for full approval at the Corporation meeting on 19 December 2024.

5.2 To receive and approve the Letter of Representation for recommendation to the Corporation

The Audit and Resources Committees received and considered the draft Letter of Representation for recommendation to the Corporation on 19 December 2024.

Shachi Blakemore confirmed that the letter is a standard letter, similar to the previous year. The letter confirms that the College has disclosed everything they should have to Buzzacott

The Audit and Resources Committee approved the draft Letter of Representation for 2023-2024 and recommended it to the Corporation for approval and signature by the Chief Accounting Officer and the Chair of Governors at the meeting on 19 December 2024.

6 Annual Report and Financial Statements for 2023-2024

The Audit and Resources Committees received and considered the annual report and the financial statements for 2023-2024, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan thanked Ray Levy for his comprehensive feedback on the accounts and thanked Michael Travers and Buzzacott for their feedback.

Governors noted that there a few final minor amendments to be made to the financial statements, which will be incorporated into the version that will be sent to the Corporation in advance of its meeting on 19 December 2024.

Governors noted that the financial health score is good and the bank covenants are met.

Governors noted that the financial statements are up to 31 July 2024 and before the Corporation agreed to pay one of the College's bank loans.

Deanne Morgan highlighted that the underlying surplus is £310k.

The Audit and Resources Committees approved the draft annual report and the financial statements for 2023-2024, subject to any final amendments, and recommended them to the Corporation on 19 December 2024, to be signed by the Chair and Accounting Officer.

Key Points From The Meeting For Corporation:

1. Post Audit Management Report and the Letter of Representation

To receive and approve the Post Audit Management Report for the period to 31 July 2024 and the Letter of Representation.

2. Annual Report and Financial Statements 2023-2024

To receive and approve the Annual Report and Financial Statements 2023-2024.