

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held virtually on MS Teams on Wednesday 6 December 2023

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

*denotes present

In attendance Shachi Blakemore, Buzzacott
 Paul Goddard, Scrutton Bland
 Paul Whitehead, Vice-Principal
 Deanne Morgan, Executive Director – Finance
 Ruth Lucas, Head of Governance

1 Apologies for Absence

Apologies for absence were received from Will Allanson.

2 Declarations of Interest

Michael Travers declared that he is a staff governor, that he contributed to agenda item 10 – Regularity Self-Assessment questionnaire and that his wife is a responsible manager listed in agenda item 6.1 – GLA Audit.

3 Minutes of the Previous Meeting

The minutes and the confidential minutes of the Audit Committee meeting held on 03 October 2023 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)

There were no matters arising.

5 Internal Audit

5.1 Staff Recruitment and Retention Internal Audit Report

The Audit Committee received and considered the internal audit report on staff recruitment and retention, presented by Paul Goddard, Scrutton Bland.

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

Paul Goddard reported that this is a challenging area across the sector and that the College is looking at ways to be creative whilst working within confines to make the College as attractive as possible as a workplace.

The use of the applicant tracking system is positive. A Governor asked about what this system does. Governors were informed that it is an automation of the application process which is generally now expected by potential applicants. It creates a positive first impression and replaces some of the manual processes and operations that were previously used in the HR department.

The turnaround times from identifying a need to recruit to making a formal offer is an average of 26.5 days which is positive compared to the sector, with the sector average being in excess of double this. The turnaround times from interview to offer is an average of 2.5 days which is also positive.

Three low level recommendations have been made. One around formalising the document information on hard to recruit to roles, one around employee engagement and on-boarding and one around more formalised succession planning discussions for key roles.

The Audit Committee noted the internal audit report on staff recruitment and retention.

5.2 Learner Recruitment (16-18) Internal Audit Report

The Audit Committee received and considered the internal audit report on learner recruitment (16-18), presented by Paul Goddard, Scrutton Bland.

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

The College has had a successful year for recruitment numbers, with 2023-2024 being a stronger year than the previous year.

The mystery shopper exercise was highlighted which identified good information obtained from staff in a telephone call and the online application process is slick and working well.

Governors noted that the College's turnaround time from initial application, to interview, to offer compares favourably when compared to Scrutton Bland's other college clients.

One medium level recommendation and five low level recommendations have been made and Paul Goddard reported that he was pleased with the open-mindedness of the management responses.

The medium recommendation is around identifying and agreeing recruitment targets, including conversion rates from application to enrolment. Paul Whitehead reported that the College's recruitment targets do not operate in a traditional way and there is a nervousness in setting targets, as it could drive staff to enrolment students onto courses which might not be the best ones for them. The information, advice and guidance aspect is a very important part of what the College's does. The College's provision is based on demand and the College has adaptive processes in place to meet demand. There are broad targets around group

numbers against which staffing is allocated and is part of the College's planning process. Governors were informed that processes have been refined over the last few years.

The low level recommendations were around good housekeeping in relation to templates used, tracking the College's own service standards, the keeping warm process and student feedback on their experience of the recruitment and enrolment process. Paul Whitehead reported that monitoring and reviewing against internal service standards is positive and will help to drive self-improvement and could be used more widely across the College.

A Governor asked if the College has Matrix accreditation. Paul Whitehead confirmed that it does however the process is changing.

The Audit Committee noted the internal audit report on learner recruitment (16-18).

5.3 Internal Audit Progress Report 2023-2024

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

Governors were informed that two audits have been completed to date and the reports have been presented to the Audit Committee. All other audits have had the dates confirmed.

The Audit Committee had the opportunity to reflect whether the internal audit plan was still relevant and it was agreed that the plan seemed sensible at present.

Ruth Lucas highlighted the need to add an Annex G audit to the audit plan for the Local Skills Improvement Fund.

The Audit Committee noted the internal audit progress report 2023-2024.

6 Funding Audits

6.1 Greater London Authority (GLA) Audit

The Audit Committee received and considered the GLA audit report, presented by Paul Whitehead, Vice-Principal.

Paul Whitehead informed Governors that the College has a small Adult Education Budget (AEB) contract with the GLA. The GLA is a devolved area with the AEB funding being devolved from the ESFA to the GLA. If learners have a London home postcode, GLA funding is required to fund provision to these learners rather than funding direct from the ESFA. A significant number of learners accessing the College's provision at the Stansted Academy, along with some Harlow College learners and e-learning learners, are from north London therefore the College requires a contract with the GLA to deliver to these learners.

Paul Whitehead highlighted the value of the audit sample against the total contract value and reported that a 0.17% error rating has been reported. Governors were informed that this is a positive outcome and that all actions detailed within the report will be taken forward by the MIS team.

The audit took place over the summer therefore adjustments have been made before the R14 and ILR return.

A Governor asked if the funding is agreed with the GLA before the College accepts a learner onto a course. Paul Whitehead reported that the College receives a contract value at the start of the year and the College puts in place a plan to achieve this. Last year, the College delivered over the contract value therefore some work undertaken was unfunded however the College believed it was necessary to do this. The College is working with the GLA to increase its contract value for this year.

The Audit Committee noted the GLA audit report.

6.2 ESFA Audit

The Audit Committee received a verbal update on the ESFA audit, presented by Paul Whitehead, Vice-Principal.

Paul Whitehead reported that the final audit report has not yet been received from the ESFA auditors however the draft audit outcomes have been received. This sets out the outcomes in the audit sample and the error rating. This covers the ILR and funding for the year however ILR errors could relate to the previous ILR therefore both ILRs need to be compared.

For the audit to have a successful outcome, the error rate needs to be below 5%. The reported error rates for the College are as follows:

- 16 – 18 Study Programmes (including T-Levels) 0%
- Adult Education Budget 3.63%
- Apprenticeships 1%
- Advanced Learner Loans 0%.

Governors noted that there could be error amounts outside of the funding sample which would require a funding adjustment and the auditors are reporting that this is in the region of £17k, The College has passed the audit and is now just waiting for final confirmation of the figures.

A Governor asked if the 3.63% error rate for the Adult Education Budget is similar to last year. Paul Whitehead reported that the College was subject to ESFA audit two years ago and was under the 5% error rate for all areas again. The issue that contributed most significantly to the 3.63% error rate has been identified and rectified.

A Governor asked if the College needs to be under 5% for each area or if it was cumulative. Paul Whitehead reported that if the total error rate was over 5%, 5% of the College's total ESFA contract would be extrapolated. The 5% threshold is a way to measure if the auditors and ESFA have confidence in systems that are in place.

Deanne Morgan reported that the outcome of this audit has a direct impact on the College's external audit. Shachi Blakemore reported that Buzzacott would be able to sign off the accounts if they receive something in writing from the ESFA auditors on maximum funding adjustments.

The Audit Committee noted the update on the ESFA audit.

7 Internal Audit Tracker

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

Deanne Morgan informed the Committee that a significant number of recommendations have been completed and the others are in progress.

Governors noted that the audit tracker will be updated with the recommendations from the GLA audit, the ESFA audit, the external audit and the latest internal audit reports.

The Audit Committee approved the audit tracker.

8 Annual Report of the Audit Committee 2022-2023

The Audit Committee received and considered the Annual Report of the Audit Committee 2022-2023, presented by Ruth Lucas, Head of Governance.

Ruth Lucas reminded the Committee that it is obliged under the Audit Code of Practice to present an annual report as part of the College's audit process and provide an opinion on its own effectiveness, how it has fulfilled its terms of reference and the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets.

Ruth Lucas highlighted the sections included in the report including new information contained within this report based on the new requirements under the Audit Code of Practice, and the proposed Audit Committee opinion and resolution.

Paul Goddard highlighted that the key page of the report was the opinions listed in Section 13 and confirmed that they had been listed correctly in this report.

The Committee agreed the following opinion of the Audit Committee:

“It is the opinion of the Audit Committee, based on the reports it has received and considered, and drawing upon the knowledge and expertise of its members and its audit services, supported by the work and views of College management, that during 2022-23 Harlow College:

- *had adequate and effective assurance arrangements;*
- *had an adequate and effective framework of governance;*
- *had adequate and effective risk management and control processes for the effective and efficient use of resources, solvency of the College and the safeguarding of its assets;*
- *had adequate arrangements for securing economy, efficiency and effectiveness;*
- *had adequate and effective key internal controls;*

- *had adequate and effective arrangements for data quality;*
- *had, overall, systems and controls that are adequate and effective for carrying forward the objectives of the College.*

The Audit Committee met in private with the internal and external auditors on 6 December 2023 and no issues impacting upon matters of internal control were raised. Buzzacott did not identify any matters of material irregularity throughout their audit work to bring to the attention of the Audit Committee.

The Audit Committee considers that it operated effectively in 2022-2023 and that it met its terms of reference and the requirements of the Audit Code of Practice.”

The Audit Committee approved the draft Annual Report of the Audit Committee 2022-2023 and agreed to recommend it to the Corporation at its meeting on 14 December 2023.

9 Risk Register

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

The Committee noted that no risks have been added or deleted from the risk register since the Audit Committee’s last review of the register. The top risks continue to be curriculum reform, staff recruitment and retention and HE student recruitment.

The Committee noted that one risks have been rescored with a higher risk score, as follows:

- Risk 15 – Compliance: Failure to deliver on key curriculum projects (e.g. LSIF, Taking Teaching Further, IoT, FE Pathways). Specifically meeting improvement aims and ensuring partners deliver both quality and funding outcomes.

The risk score has increased from 1 to 4 as project income makes up a significant proportion of the College’s income (£2.2m). Currently not all of the £2.2m has been identified as the opportunities arise throughout the year, therefore there is an inherent risk in the College relying on this income. There is an Executive member of staff with oversight of project income. Mitigations have been put in place and this income has been separated out in the management accounts.

Governors noted that the ONS reclassification has not been added to the risk register as at present, it does not pose a significant risk to the College.

Paul Goddard reported that the College’s risk register is at a strategic level whereas some of Scrutton Bland’s other college clients have a lot more risks however they are more operational and are a low level. Paul Goddard confirmed that there is nothing missing from the College’s risk register that he would expect to see.

The Audit Committee approved the risk register.

10 Regularity Self-Assessment Questionnaire

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

Governors were reminded that the self-assessment questionnaire is reviewed by the Audit Committee each time it meets and is an ESFA template. Governors noted that this report is the Autumn 2023 review and updates are shown in grey throughout the document.

A Governor asked if the Human Resources Annual Report is something new. Deanne Morgan confirmed that this is presented to the Resources Committee annually.

The Audit Committee noted the Regularity Self-Assessment Questionnaire.

11 Fraud Report

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

Deanne Morgan reported that a student had attempted to use a counterfeit £20 in the canteen. The member of staff noticed the note was not right and an alternative method of payment was used. The advice is that the note should have been retained if the staff member felt comfortable in challenging the student. The staff member felt vulnerable therefore the note was not retained. The student has been identified using CCTV and the incident reported to the police as required. This is being followed up sensitively internally with the student. Deanne Morgan confirmed that there had been no loss to the College and that the catering staff are suitable trained to identify counterfeit notes.

Paul Goddard highlighted a fraud at a council in which a hacker hacked a supplier's email address and fraudulently obtained £50k.

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

12 Data Breach Report

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

The Committee noted that there have been no new data breaches since the last Audit Committee meeting.

The Audit Committee noted the Data Breach Report.

13 Any Other Business

There were no items of any other business.

14 Dates of Future Meetings

Spring Term	Tuesday 05 March 2024	09.30am
Summer Term	Wednesday 03 July 2024 <i>(including joint meeting with the Resources Committee)</i>	10.30am

Following this meeting the Audit Committee met privately with Buzzacott, external auditors, and Scrutton Bland, internal auditors. The Head of Governance was informed that no issues of concern were raised.

Key Points From The Meeting For Corporation:

1. Annual Report of the Audit Committee 2022-2023

To receive and approve the Annual Report of the Audit Committee 2022-2023.