

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Monday 02 October 2017

Membership	*P Bartlett (Chair) *C Chatt A Durcan
*denotes present	R Levy
In attendance	P Goddard, Scrutton Bland M Stokes, Deputy Principal D Morgan, Executive Director of Financial Services P Whitehead, Executive Director of Information, Data and Support D Sheridan, Clerk to the Corporation R Lucas, Deputy Clerk to the Corporation

805 Apologies for Absence

Apologies for absence were received from A Durcan and R Levy.

806 Declarations of Interest

There were no additional declarations of interest.

807 Minutes of the Previous Meeting

The minutes of the Audit Committee meeting held on 20 June 2017 were agreed as an accurate record of the meeting and were signed by the Chair.

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

808.1 Matters Arising from the Minutes (minute 794.1 refers)

P Bartlett requested an update on Sir Charles Kao UTC. M Stokes informed the Committee that the College had met with the UTC, BMAT and the DfE at which it was agreed that an independent calculation of ground rent would be obtained. If this was agreed by all parties, the rent would be fixed and reviewed after a set number of years. An academic agreement would sit alongside this to detail the UTC's curriculum offer and the College's offer.

808.2 Internal Audit Report – High Needs Learners (minute 795.1 refers)

The Audit Committee was informed that enhanced systems are in place for this academic year, with meetings, timetabling and hours on programme being tracked. It is not anticipated that there will be any clawback for funding from last academic year, as the College had undertaken all the work, the critical factor

was recording what was delivered.

8083 Internal Audit Report – Data Security (minute 795.4 refers)

The Audit Committee was informed that the General Data Protection Regulation has been added to the College's risk register and an internal working group has been established. Information audits will take place to initially establish what data the College currently stores and for what purpose.

808.4 Teachers' Pension Scheme Audits (minute 799 refers)

The Audit Committee was informed that the deadline for the audit has been extended to 30 November 2017 however the College's audit has been completed. The Audit Committee requested that the audit be presented to the next Audit Committee meeting.

809 Internal Audit Reports

809.1 Subcontracting Partner Spot Checks

The Audit Committee received and considered the internal audit report on subcontracting partner spot checks, presented by Paul Goddard from Scrutton Bland.

Governors noted that one low level recommendation had been made and that the recommendation had been accepted by Harlow College. Governors were informed that Scrutton Bland had met with a learner and an assessor from both of the College's subcontractors in the workplace. Eligibility was confirmed and the learners and assessors were complimentary about the provision however one learner was unaware that Harlow College plays a role in the delivery of their programme.

Governors noted that all of the College's subcontracted provision is due to be completed by January 2018.

The Audit Committee noted the internal audit report on subcontracting partner spot checks.

809.2 Internal Audit Plan 2017/2018

The Audit Committee received and approved the internal audit plan for 2017/2018, presented by Paul Goddard from Scrutton Bland.

The Audit Committee agreed that it would be more beneficial to "bank" the days for the UTC audit rather than undertake the audit in October as originally planned. This was approved by Scrutton Bland and the Audit Committee.

Paul Goddard informed the Audit Committee that audit briefs will be produced in advance of the audits and will be reviewed just before the audit takes place.

809.3 Internal Audit Annual Report 2016-2017

The Audit Committee received and considered the internal audit annual report for 2016-2017, presented by Paul Goddard from Scrutton Bland.

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

"In our opinion, for the year ended 31 July 2017 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 progresses regarding efficiency and effectiveness.*

These opinions should contribute towards the assurances used by the Audit Committee when preparing their own Annual Report."

Nine assignments were delivered throughout the year, one of which gave strong assurance, five of which gave significant assurance, one of which gave reasonable assurance, one of which reported favourable findings and one of which was advisory. 28 recommendations were made in total throughout the year, three of which were medium priority and 25 were low priority. Four added value points were made. There were no high priority recommendations.

P Goddard highlighted Scrutton Bland's performance indicators and the sector benchmarking graphs. He thanked Harlow College management for their support throughout the year.

The Audit Committee noted the Internal Audit Annual Report for 2016-2017.

809.4 Data Protection Notice

The Audit Committee noted the data protection notice provided by Scrutton Bland.

810 Regularity Audit

The Audit Committee received and considered the report on the Regularity Audit presented by D Sheridan, Clerk to the Corporation.

The Clerk informed Governors that the Regularity Audit is part of the external audit process and is signed by the Accounting Officer and Chair of Governors. The self-assessment questionnaire forms part of the Regularity Audit and is set nationally. The questionnaire follows a similar format to that issued last year; however there have been a few minor additions.

After reviewing the proposed responses contained within the questionnaire, the Audit Committee approved the Regularity Audit for signature by the Accounting Officer and

Chair of Governors.

811 Audit Tracker

The Audit Committee received and considered the Audit Tracker, presented by P Whitehead, Executive Director – Information, Data and Support

P Whitehead highlighted recommendation 1 – fixed asset register and a discussion was held on College practices compared to the wording of the recommendation. The process of recording and verifying fixed assets was explained and Governors agreed that the benefit the College would receive from fully implementing the recommendation would not add significant value given the investment required. The Audit Committee agreed that the recommendation should be removed from the audit tracker.

Governors were informed that the College has put a number of systems in place for apprenticeships, however the whole national apprenticeship system is currently unclear due to the large number of changes made by the Government.

A discussion was held around the data security recommendations and how they link into the General Data Protection Regulation (GDPR) which comes into force on 25 May 2018. After careful consideration, the Audit Committee agreed that the recommendations should remain on the audit tracker.

The higher education recommendation was discussed. Governors were informed that the College's Higher National qualifications align with curriculum areas to support internal recruitment. External recruitment needs to be addressed. The College has applied to be included on UCAS' list of approved higher education providers.

The Audit Committee approved the audit tracker.

812 Risk Management

The Audit Committee received and reviewed the Risk Register, presented by P Whitehead, Executive Director – Information, Data and Support. Governors noted that all risks are reviewed by the College's Executive on a monthly basis and currently there are eight high risks, eight medium risks and two low risks.

Governors discussed changes since the last Audit Committee meeting and noted that no risks have been deleted from the register. One risk has been added to the register - Risk 8 - Failure to comply with General Data Protection Regulation (GDPR) which comes into effect in May 2018. The new regulations carry significant financial penalties for non-compliance. The risk score for this risk is 12.

The Committee noted that two risks have been rescored with a higher risk score:

- Risk 4 - Failure to meet HE recruitment targets. The risk score has increased from 12 to 16 due to the income target and based on current recruitment predictions.
- Risk 17 - group structures. A mapping exercise of potential options will be undertaken highlighting costs and risks and will be presented to the Corporation at its meeting on 1 November 2017.

Three risks have been rescored with a lower risk score:

- Risk 13 - Failure to improve the quality of GCSE English and maths teaching, learning and assessment. The risk score has decreased from 15 to 9 due to the positive results in August which meet or exceed national benchmarks.
- Risk 14 - College fails to meet its outturn target for 16/17. The risk score has decreased from 9 to 8 as the College is on track to achieve this.
- Risk 18 - Local Government Pension Scheme Pension – significant increase in pension liability (risk to cumulative reserves), increase of deficit contributions (risk to year end surplus) and increase in employer contributions (increase in staff costs and risk to year end surplus). The risk score has decreased from 4 to 2 as repayments have been agreed for three years and are lower than first anticipated. The employer contributions have also been fixed therefore the value placed into the accounts will be the only element to fluctuate.

The Committee also noted that four risks have updated risk control measures and / or sources of assurance.

The Audit Committee approved the risk register.

813 Annual Fraud Report

The Audit Committee received and considered the annual fraud report, presented by D Morgan, Executive Director of Financial Services.

The Audit Committee noted that there had been three attempts of financial fraud against the College since the last Audit Committee meeting. D Morgan confirmed that none of the fraudulent requests had been actioned. Suppliers had also been informed of the fraud attempts.

The Audit Committee noted the annual fraud report.

814 Any Other Business

Governors asked whether the internal audit contingency days would be used for a GDPR audit. P Whitehead confirmed that the College is undertaking the preparatory work and at a given point, there will be a need for independent consideration of where the College is and to identify any gaps, therefore internal audit contingency days could be used for this.

815 Dates of Future Meetings

The next meeting of the Audit Committee will take place on Thursday 30 November 2017 at 8.30am. This will be a joint meeting with the Resources Committee.

Future meeting dates:

Spring Term
Summer Term

Wednesday 28 February 2018
Tuesday 19 June 2018

08.30am
08.30am