

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Thursday 06 December 2018

Membership	*P Bartlett (Chair) C Chatt A Durcan *R Levy
*denotes present	L Lin
In attendance	N Cattini, RSM UK M Smith, Scrutton Bland W Allanson, Deputy Principal P Whitehead, Vice-Principal D Morgan, Executive Director – Finance & Facilities D Sheridan, Clerk to the Corporation R Lucas, Deputy Clerk to the Corporation

866 Apologies for Absence

Apologies for absence were received from C Chatt and L Lin.

867 Declarations of Interest

There were no additional declarations of interest.

868 Minutes of the Previous Meeting

The minutes of the Audit Committee meeting held on 3 October 2018 were agreed as an accurate record of the meeting, subject to four minor typographical changes, and were signed by the Chair.

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

869.1 Report of Fraud Against the College (minute 862 refers)

R Levy asked if the College had decided to incorporate academic fraud into the fraud report, P Whitehead reported that there had been no incidents of academic fraud however it will be added to the fraud report in future and if there are no incidents, this will also be noted in the report.

869.2 Risk Management (minute 861 refers)

P Bartlett asked if the College's pension exposure was discussed at the Corporation meeting held on 18 October 2018 and D Morgan confirmed that it was and the figures are included within the management accounts.

870 Internal Audit Progress Report

The Audit Committee received and considered the internal audit progress report,

presented by M Smith, Scrutton Bland.

M Smith informed the Committee that the estates management internal audit had been completed, giving a reasonable assurance, and the draft report issued to the College for management responses.

M Smith reported that a one day health and safety follow-up audit had been undertaken which concluded that progress had been made particularly against the high risk recommendations.

Governors noted the dates for the internal audits for the academic year.

The Audit Committee noted the internal audit progress report.

871 Internal Audit Tracker

The Audit Committee received and considered the Audit Tracker, presented by P Whitehead, Vice-Principal.

P Whitehead highlighted that all recommendations are RAG rated and that a number of the recommendations have been completed.

Governors asked for an update on the red-rated Human Resources recommendation. W Allanson informed the Committee that the process and content for health and safety induction has been reviewed and a new process has been introduced which will ensure that new starters complete the training on their first day of employment. Refresher training is also included in the recommendation and there has been more of a backlog on refresher training than on induction training. Governors were informed that the recommendation had been rated red due to the slippage in the implementation date.

R Levy asked in relation to recommendation 9 – health and safety risk assessments – whether all risk areas have been inspected. W Allanson reported that all areas have been inspected via a focused visit and a monthly rolling programme per building has been set up.

The Audit Committee approved the audit tracker.

872 Annual Report of the Audit Committee 2017/18

The Audit Committee received and considered the Annual Report of the Audit Committee 2017/18, presented by D Sheridan, Clerk to the Corporation.

The Clerk 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.

The Clerk highlighted the sections included in the report as follows: introduction, membership of the Committee; meetings in the period and attendance; terms of reference of the Committee; the internal audit service; review of reports of the internal audit service; review of external audit; reports from the Education and Skills Funding Agency; actions in response to key recommendations arising from audit; matters of fraud, irregularity and whistleblowing; other independent assurance; management and quality assurance of data; proposed Audit Committee opinion and resolution.

The Clerk highlighted that the ESFA has concluded that the College's financial health rating remains good and that section 9 contains details of how the audit tracker is maintained and that a health and safety follow up audit was planned for early 2018/19. The Clerk also highlighted section 12 on management and quality assurance of data and that no significant concerns on data arose out of the reviews.

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 2017-18 Harlow College:

- had adequate and effective systems of governance;
- had adequate and effective assurance arrangements;
- 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 06 December 2018 and no issues impacting upon matters of internal control were raised. RSM UK did not identify any matters of impropriety throughout their audit work to bring to the attention of the Audit Committee.

The Audit Committee considers that it operated effectively in 2017-2018 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 2017/18, subject to the amendment of the number of meetings detailed in section 3 of the report and subject to the word deficit being replaced with surplus in section 7 of the report and agreed to recommend it to the Corporation at its meeting on 17 December 2018.

873 Risk Register

The Audit Committee received and reviewed the Risk Register, presented by Paul Whitehead, Vice-Principal. Governors noted that all risks are reviewed by the College's Executive on a regular basis and currently there are six high risks, eleven medium risks and one low risk.

Governors discussed changes since the last Audit Committee meeting. One risk has been deleted relating to the Stansted project as Stansted Airport College opened on time and on budget. Two new risks have been added to the register. Risk 8 – failure to implement the required actions to improve the College's health and safety as a result of the internal audit and risk 11 – failure to recruit and retain specialist staff to support the curriculum as some areas, particularly aeronautical engineering is proving to be a significant challenge to the College.

Five risks have had their risk scores revised, one with a higher score and four with a lower score. Risk 1 – Teachers’ and Local Government Pension Scheme Pensions – has increased from 12 to 20 due to more information having been received around the level of exposure for the College in future years and the impact that exposure would have. Risk 6 – high needs funding – has been decreased from 15 to 12 due to the funding becoming more stable. Risk 7 – the College fails to implement its policies and procedures in relation to safeguarding and Prevent – has decreased from 15 to 10 as the Corporation judged the College’s safeguarding processes to be adequate as part of the self-assessment validation session on 27 November 2018. Risk 14 – failure to achieve strong outcomes – has decreased from 12 to 8 due to improved outcomes being achieved for study programmes and English and maths. Risk 17 – review of buildings with VAT relief – has decreased from 12 to 6 due to the SELEP Accountability Board approving the College’s request to remove the match funding condition for their element of the VAT on HAMEC.

The Committee also noted that all other risks have been reviewed and where appropriate the risk wording, risk control measures and / or sources of assurance have been updated.

The Audit Committee approved the risk register.

874 Report on Fraud Against the College

The Audit Committee received and considered the report on fraud against the College, presented by D Morgan, Executive Director – Finance and Facilities.

Governors noted that there had been two new attempt external incidents of fraud since the last Committee meeting and noted the action taken by the College. Governors were informed that there has been an increase in the number of spamming attacks against the College and that investment is being made in new IT anti-virus software.

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

875 Data Breach Report

The Audit Committee received and considered the data breach report, presented by P Whitehead, Vice-Principal and R Lucas, Data Protection Officer,

Governors noted the data breaches to date and the action taken. Governors asked why one particular breach was not reported to the Information Commissioner’s Office. P Whitehead explained the process which is undertaken when a potential data breach is reported. The College has sought advice from the Information Commissioner’s Office on certain cases and detailed risk assessments are always carried out. Part of this assessment is to determine whether the breach affects the individual’s rights and freedoms, how sensitive the data is and how likely it is for the data to be wrongly used. The Vice-Principal and Data Protection Officer involve other key managers in this process where required.

Governors asked for information relating to contact with the Information Commissioner’s Office to be included in the report.

The Audit Committee noted the data breach report.

876 Any Other Business

There were no items of any other business.

877 Dates of Future Meetings

Spring Term	Tuesday 26 February 2019	08.30am
Summer Term	Tuesday 25 June 2019	08.30am

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