

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held virtually on Zoom on Thursday 03 December 2020

Membership *Paul Bartlett (Chair)
 *Chris Chatt
 Anthony Durcan
 *Ray Levy

*denotes present

In attendance Nick Cattini, RSM UK
 Paul Goddard, Scrutton Bland
 Paul Whitehead, Vice-Principal
 Deanne Morgan, Executive Director – Finance and Facilities
 Ruth Lucas, Head of Governance

1 Apologies for Absence

There were no apologies for absence.

2 Declarations of Interest

Chris Chatt declared that he is a staff governor.

3 Membership of the Committee and Election of Chair

The Audit Committee noted that Lily Lin is no longer a member of the Audit Committee and now is a member of the Standards and Curriculum Committee.

Paul Bartlett was unanimously elected as Chair of the Audit Committee.

4 Minutes of the Previous Meeting

The minutes of the Audit Committee meeting held on 06 October 2020 were agreed as an accurate record of the meeting and were signed by the Chair.

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

There were no matters arising.

6 Internal Audit

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. The cashflow audit took place in early November and the College is awaiting the draft report however Paul Goddard reported that there were no concerns to raise. The Centre for Excellence in Maths internal audit had taken place the week before this meeting and Paul Goddard confirmed that no issues were identified in the audit.

Paul Goddard highlighted the programme and informed Governors that some of the

dates have been pushed back due to COVID-19. This means that up to five audit reports could be presented at the March 2021 Audit Committee meeting. Ruth Lucas agreed to circulate final audit reports to Audit Committee members as soon as they are available.

The Audit Committee noted that there are seven contingency days in the audit plan. Some of these will be used for the EdTech Demonstrator funded project. An Annex G audit is required by the DfE by March 2021 and it is proposed that Scrutton Bland will undertake this piece of work. The Audit Committee approved the use of some of the contingency for this audit. Paul Bartlett asked what the rest of the contingency would be used for. Paul Whitehead reported that it could be used for other projects or one-off funding, such as the 16 – 18 catch up funding.

The Audit Committee noted the internal audit progress report and agreed that the use of any contingency days could be agreed by the Committee via email if required.

7 Internal Audit Tracker

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

Paul Whitehead informed the Committee that the tracker covers outstanding internal audit and ESFA audit actions and good progress has been made in completing the actions. All internal audit actions are marked as completed and there are two outstanding ESFA audit actions.

Paul Whitehead reported the issue the College is facing with reporting systems for apprenticeships and that there is a renewed focus on this and adult systems within the College. There is a clear need to improve apprenticeship planning, delivery and systems and this is being monitored closely by the Standards and Curriculum Committee.

The Audit Committee approved the audit tracker.

8 Annual Report of the Audit Committee 2019/20

The Audit Committee received and considered the Annual Report of the Audit Committee 2019/20, 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 and the proposed Audit Committee opinion and resolution.

Paul Whitehead reported that the report shows where the Audit Committee's oversight has been and that strong systems are in place. There has been a significant reduction in the number of recommendations from internal audits and an increase in the number of internal audit reports providing strong and significant assurance. Paul Whitehead reported that the report is really strong and reflects the important work undertaken by the Audit Committee.

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 2019-20 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 3 December 2020 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 2019-2020 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 2019/20 and agreed to recommend it to the Corporation at its meeting on 17 December 2020.

9 Risk Register

The Audit Committee received and reviewed the Risk Register, presented by Paul Whitehead, Vice-Principal.

Paul Whitehead informed the Audit Committee that the layout of the risk register has been revised, with additional columns linked to COVID-19. Each risk has been looked at and reviewed to see: if it has changed due to COVID-19; the impact COVID-19 has on the risk and if the risk score has changed due to COVID-19. Paul Whitehead gave an example with the AEB risk. The risk remains unchanged as there is still the risk that the College will not achieve its AEB funding allocation however this risk has increased due to COVID-19 as there is no face-to-face delivery taking place at present however this is mitigated by a reduction in the income target in the management accounts.

The Committee noted that no risks have been deleted from the risk register since the Audit Committee’s last review of the register.

The Committee noted that three new risks have been added to the risk register since the Audit Committee's last review of the register, as follows:

- Risk 1 – COVID-19 pandemic impacts the country as a whole causing College closure.

The risk score for this risk is 20 (likelihood 4, impact 5).

- Risk 6 – failure to improve the quality of Apprenticeship, specifically tracking of progress, achievement and teaching, learning and assessment.

The risk score for this risk is 16 (likelihood 4, impact 4).

- Risk 8 – increase mobile working and reliance on technology means the college is at great risk from cyber-attack.

The risk score for this risk is 12 (likelihood 3, impact 4).

The Committee noted that seven risks have been rescored, three with a higher risk score and four with a lower risk score, as follows:

- Risk 2 – Government selects a funding policy for further education which runs counter to Harlow College's strategic direction. Poor planning from Government impedes our ability to meet demand. For example, It imposes cuts in further education budget which would be hard for the College to absorb without impact on student success and other performance measures.

This risk has increased from 15 to 20 due to the impact of COVID and our ability to meet the financial targets for Adult Education Budget and Apprenticeships as these funding lines are not grant funded. The ESFA changed their position in relation to clawback of AEB funding and set a 68% tolerance level. The College received the final reconciliation the night before this meeting which confirmed the College had achieved 67.65% of its target meaning that there would be a clawback of £14k.

- Risk 3 – Failure to achieve strong outcomes for students in respect of government performance measures (QARs, DfE tables, MLPs) and the quality of learning, teaching and assessment.

This risk has increased from 12 to 20 due to the uncertainty that has been created by COVID-19 and no plan from the Government to move to centre assessed grades. Governors noted however the College approach to centre-assessed grades was strong and prudent.

- Risk 5 – Not recruiting to the 19+ AEB target. Transition from relying on unemployed students as the sole sources of recruitment. Changes to contracting with devolved authorities and lack of College contracts poses a risk to recruitment particularly with the Stansted Academy.

This risk has increased from 12 to 16 due to not being able to deliver face to face to the levels that we have previously and the reliance on increase virtual delivery.

- Risk 11 – Failure to train and retain specialist staff to support the curriculum, specifically aeronautical engineering and to support industry staff into teaching,

learning and assessment.

This risk has decreased from 12 to 9 due to successful recruitment rounds and good retention of staff in these area.

- Risk 12 – Recruitment of learners on HE programmes and compliance with OFS regulation.

This risk has decreased from 12 to 8 due to recruitment of learners being of lower impact to the College and more established processes to meet HE deadlines.

- Risk 16 – Sustainable and affordable model for continued use of IT

This risk has decreased from 9 to 6 due to a change in the College's IT strategy with laptops for all staff being invested in.

- Risk 17 – Failure to secure new high needs funding going forwards with changes to processes with the Local Authorities. LAs appear to be trying to reduce costs by setting hourly funding rates and what they will fund.

This risk has decreased from 9 to 6 due to processes being embedded and good working relationships with the local authorities.

Paul Bartlett asked about staff working from home in relation to health and safety and what responsibility there was for this. Paul Whitehead informed the Committee lots of information and HR guidance was circulated to all staff at the start of the first period of lockdown in March 2020. Where necessary, staff were able to take equipment home, such as desk chairs and desktop PCs. Staff were asked to ensure they were working in a safe environment. The College is allowing staff to continue to work flexibly going forward and the College has been proactive in its approach. The feedback from staff is that the College has been open and facilitated individual questions to be asked. The College has had a strong occupational health presence since March 2020 and the referral system is working the same as it had done prior to March 2020. The Audit Committee was satisfied that the College was doing its best to ensure the health and safety of its employees working from home.

The Audit Committee approved the risk register.

10 Report on Fraud Against the College

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

The Committee noted that there has been no fraud or fraud attempts against the College since the last Audit Committee meeting.

Deanne Morgan informed the Committee that there had been an issue with the Wisepay system which the College uses in October 2020 where student and parent accounts were targeted. This attack covered both attempted fraud and constituted a data breach. Whilst this was a Wisepay issue, it could have been perceived as a College issue and could have a reputational impact. Ray Levy asked if Wisepay reported this attack to the Information Commissioner's Office and Paul Whitehead confirmed that they had.

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

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 there has been no data breaches since the last Audit Committee meeting however there have been two near misses which have been recorded and lessons from which have been learnt. Ruth Lucas reported that the College has good systems in place for dealing with potential data breaches and staff are quick to report breaches and potential breaches. Paul Goddard reported that this is a good position for the College to be in and it is good to have confidence in staff reporting any potential issues.

The Audit Committee noted the Data Breach Report.

12 Any Other Business

There were no items of any other business.

13 Dates of Future Meetings

Spring Term	Tuesday 02 March 2021	08.30am / 09.30am
Summer Term	Tuesday 22 June 2021	TBC <i>(including joint meeting with the Resources Committee)</i>

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