

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Thursday 05 December 2019

Membership	*P Bartlett (Chair) *C Chatt A Durcan *R Levy
*denotes present	*L Lin
In attendance	N Cattini, RSM UK P Goddard, Scrutton Bland W Allanson, Deputy Principal P Whitehead, Vice-Principal D Morgan, Executive Director – Finance and Facilities R Lucas, Head of Governance

922 Apologies for Absence

Apologies for absence were received from B Nicholl, Harlow College.

923 Declarations of Interest

C Chatt declared that he is a staff governor.

924 Minutes of the Previous Meeting

The minutes of the Audit Committee meeting held on 24 October 2019 were agreed as an accurate record of the meeting and were signed by the Chair.

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

There were no matters arising.

926 Internal Audit

926.1 Adult Education Budget

The Audit Committee received and considered the internal audit report on the Adult Education Budget, presented by P Goddard, Scrutton Bland.

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

Governors noted that three low level recommendations had been made and P Goddard highlighted the recommendations and the College's management responses to them.

P Goddard informed Governors that the College has a well-coordinated approach to the Adult Education Budget with good outcomes being achieved

by the College and that management is clear about what needs to be done by the College.

The Audit Committee noted the internal audit report on the Adult Education Budget.

926.2 Health and Safety

The Audit Committee received and considered the internal audit report on Health and Safety, presented by P Goddard, Scrutton Bland.

P Goddard reported that the audit was a full health and safety review and informed Governors that the internal audit report on Health and Safety provided Governors with significant assurance that the governance, risk management and control arrangements for the material risks reviewed are managed effectively.

Governors noted that two medium level and three low level recommendations had been made.

A discussion was held around the medium recommendations.

P Goddard highlighted that the College has a substantial spreadsheet for tracking risk assessments however the annual review of these risk assessments have not been completed by all teams. P Bartlett asked if there any areas where it is more critical that the risk assessments are not out of date. W Allanson confirmed that areas such as construction, engineering and automotive are critical and that the College now has full visibility of where teams are at with the risk assessments and a clear escalation process has been implemented to ensure they are completed on an annual basis. C Chatt asked if there were risk assessment leads in each department and W Allanson confirmed that there were and that an annual cycle of risk assessment training has been implemented for staff responsible for undertaking risk assessments.

P Goddard highlighted that at the time of the audit, out of 109 staff who joined the College in 2019, 33 have not completed health and safety induction training. P Goddard highlighted that a full and thorough management response had been provided for the recommendation and that the College's position has moved significantly since the first health and safety audit undertaken by Scrutton Bland. D Morgan reported that majority of the staff who have not yet completed the induction training are fractional staff or invigilators and mandatory training will be provided for them when they are next in College.

Governors noted the three low level recommendation that had been made.

The Audit Committee noted the internal audit report on Health and Safety.

926.3 Internal Audit Progress Report

The Audit Committee received the internal audit progress report, presented by P Goddard from Scrutton Bland.

The Audit Committee noted that two audits have been completed and reports

finalised and presented as detailed in agenda items 926.1 and 926.2. The Maths Centre for Excellence audit has been completed and the draft report is being compiled.

The Audit Committee was informed that the Single Central Record audit due to take place in January 2020 has been moved to March 2020 at the request of Scrutton Bland.

The Audit Committee noted the internal audit progress report.

927 Internal Audit Tracker

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

Governors reported that the new summary sheet provided them with a useful and clear oversight and summary position of the information provided in the audit tracker.

Governors noted that five recommendations have been completed and will be removed from the tracker. Governors' attention was brought to the four recommendations where limited progress has been made and noted that some issues have moved on since the initial internal audit and that some limited progress was due to staffing capacity issues. P Bartlett highlighted that all four recommendations with limited progress are low level recommendations.

The Audit Committee approved the audit tracker.

928 ESF Audit

The Audit Committee received and considered the ESF audit outcome letter, presented by P Whitehead, Vice-Principal.

P Whitehead confirmed that the College had been subject to two ESF audits undertaken by the ESFA. Not much feedback was given from the first audit and the second audit was a desk-based review.

P Whitehead highlighted that the outcome letter stated that no issues were identified during the audit process and no actions are required.

The Audit Committee noted the ESF audit outcome letter.

929 ESFA Audit

The Audit Committee received an update on the ESFA audit, presented by P Whitehead, Vice-Principal.

Governors were informed that the audit was an intensive process however unqualified opinions have been issued across all funding lines in the ILR. A draft report has been received which has been shared with the College's external auditors. Once the final report has been received, it will be shared with Governors and reported to the Audit Committee.

An action plan, consisting of 19 actions, will accompany the audit report. Some of the

actions were resolved at the time, some are due to issues with under claims and some are due to issues with apprenticeship tracking, as follows: 2 are ESF match funding actions, 8 are adult education budget actions – the majority of which are very detailed, small actions which have no impact on funding, 3 are apprenticeship actions, 3 are adult learner loans actions and 3 are study programme actions.

P Bartlett asked if 19 actions was good compared to benchmarks. P Whitehead confirmed that it is difficult to tell and that anything that the auditors find needs to be reported. P Whitehead also confirmed that the actions are not overly concerning and the ESFA validated the ILR. P Goddard confirmed that most colleges have a double figure number of actions.

The Audit Committee noted the update on the ESFA audit.

930 Annual Report of the Audit Committee 2018/19

The Audit Committee received and considered the Annual Report of the Audit Committee 2018/19, presented by R Lucas, Head of Governance.

R 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.

R Lucas 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.

P Goddard reported that a number of colleges are now including a higher education value for money statement and the Committee agreed this would be considered for next year's annual 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 2018-19 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 5 December 2019 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 2018-2019 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 2018/19 and agreed to recommend it to the Corporation at its meeting on 19 December 2019.

931 Risk Register

The Audit Committee received and reviewed the Risk Register, presented by P Whitehead, Vice-Principal. Governors noted that all risks are reviewed by the College's Executive on a monthly basis and currently there are 17 risks on the risk register – eight high risks, eight medium risks and one low risk. Governors discussed changes since the last Audit Committee meeting and noted that all risks have been reviewed and where appropriate, the risk control measures and / or sources of assurances have been updated.

Governors noted that no risks had been added to the register and whilst no risks have been deleted, two risks have been amalgamated to create one risk therefore the overall number of risks on the register has decreased by one. The amalgamated risks are as follows:

- Instability of funding processes and contract management and failure to procure future funding. Poor planning from Government impedes our ability to meet demand.
- and
- Government selects a funding policy for further education which runs counter to Harlow College's strategic direction. 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.

These have been amalgamated to form risk 2 on the register – 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.

The Committee noted that four risks have been rescored, one with a higher risk score

and three with a lower risk score, as follows:

- Risk 3 - Nationally and locally - increased risks in terms of knife crime/violent behaviour and social media amongst students. Risk to College reputation .The College fails to put in place additional measures which safeguard students from, for example County Lines, anti-social behaviour, exploitation etc.

This risk has increased from 10 to 15 due to recent rise in disciplinary cases across the College.

- 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 decreased from 20 to 15 due to the announcement from the ESFA confirming an increase in funding for 16 – 18 year olds from 2020/21.

- Risk 4 - 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 decreased from 15 to 12 due to positive discussions having taken place with the Greater London Assembly around funding for this year and for 2020/21.

- Risk 17 – Failure to implement the required actions needed to improve the College's Health & Safety measures and Scrutton Bland audit scoring from high risk.

This risk has decreased from 6 to 3 due to the “significant” assurance given in the Health and Safety Internal Audit which took place in November 2019.

P Bartlett asked N Cattini and P Goddard if there were any risks that they believe should or could be added onto the risk register. P Goddard informed the Committee that a risk around governance and staff culture could be added however P Whitehead confirmed that the College has no concerns in this area and the Audit Committee agreed not to add such a risk to the register at this time.

The Audit Committee approved the risk register.

932 Report on Fraud Against the College

The Audit Committee received and considered the fraud report, presented by D 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. D Morgan confirmed that the IT spam filter system is working well.

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

933 Data Breach Report

The Audit Committee received and considered the Data Breach Report, presented by P Whitehead, Vice-Principal and R Lucas, Head of Governance.

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

The Audit Committee noted the Data Breach Report.

934 Any Other Business

There were no items of any other business.

935 Dates of Future Meetings

Spring Term	Tuesday 03 March 2020	08.30am
Summer Term	Tuesday 23 June 2020 <i>(including joint meeting with the Resources Committee)</i>	08.30am

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.