

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held virtually on Zoom on Tuesday 8 March 2022

Membership Paul Bartlett
*Brian Keane
*Ray Levy (Chair)
*Michael Travers

*denotes present

In attendance Paul Goddard, Scrutton Bland
Paul Whitehead, Vice-Principal
Wendy Martin, Assistant Principal
Ben Nicholl, Executive Director – MIS, IT and Exams
Ruth Lucas, Head of Governance

1 Apologies for Absence

Apologies for absence were received from Paul Bartlett, due to work reasons, Shachi Blakemore – Buzzacott, Alice Walker – Scrutton Bland, Will Allanson and Deanne Morgan.

2 Declarations of Interest

Michael Travers declared that he is a staff governor.

3 Minutes of the Previous Meeting

The minutes of the Audit Committee meeting and the Joint Audit and Resources Committee meeting both held on 14 December 2021 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 Safeguarding and Prevent Internal Audit Report

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

Paul Goddard reported that safeguarding and prevent are high profile areas which colleges need to get right.

Governors were informed that the internal audit report on safeguarding and prevent provided Governors with strong assurance that the governance, risk management and control arrangements for the material risks reviewed are managed effectively. No recommendations have been made.

Paul Goddard highlighted that the narrative in the report details what is happening

in the College and how the College is working. The new CPOMS system is working well and proving to be a valuable tool. Other colleges are now starting to use the system too.

Governors' attention was brought to the benchmarking in section 4 of the report which demonstrates that whilst not many recommendations are made in these types of audit, high level recommendations are sometimes made and 14% of audits are given reasonable assurance. Neither of these were issues for this audit.

Brian Keane reported that the report is good and that the College's policy is clearly working well.

Brian Keane asked what testing was undertaken during the audit. Paul Goddard reported that the audit highlights that Scrutton Bland are highly comfortable with the way the College is working. Individual cases were reviewed, which included response times, how management pick up and identify cases, the transparency of the information and the support given. Governors were informed that the audit was not an unannounced audit and the scope of the audit was agreed with management in advance of the audit. Brian Keane reported that he was thinking about it more in an Ofsted way. Paul Goddard acknowledged that this was a helpful discussion point and that the internal audit had been a supportive exercise. There was nothing immediate in the working papers to indicate anything else other than the good working practices seen during the audit. Ruth Lucas highlighted that the sample was not known in advance by management and Paul Goddard confirmed that the sample was given to management on the first day of the audit.

The Audit Committee noted the internal audit report on safeguarding and prevent.

5.2 Carbon Management Internal Audit Report

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

Paul Goddard reported that audit was an advisory audit rather than a standard format internal audit. Paul Goddard highlighted this is an area everyone is finding their feet with and that management engaged wonderfully with the process.

Governors were informed that the internal audit report provided management with areas to look at and consider rather than recommendations that are risk rated. Management have provided measured replies to the areas to look at, some of which are quick wins and some of which will be incorporated into other actions.

Paul Whitehead informed the Committee that based on the audit work undertaken, internal discussions are taking place and that a three-year action plan with clear milestones is being developed which is aligned to the FE carbon reduction roadmap. The plan will be reviewed regularly by management and Governors will provide strategic oversight of the plan. Ruth Lucas reported that Steve Frampton from the AoC will be attending the next Corporation meeting to present the FE carbon reduction roadmap.

The Audit Committee noted the internal audit report on carbon management and agreed that the areas to look at identified in the report would be monitored by Governors through the College's action plan therefore they did not need to be

added to the audit tracker.

5.3 T-Levels Internal Audit Report

The Audit Committee received and considered the internal audit report on T-Levels, presented by Paul Goddard, Scrutton Bland.

Paul Goddard reported that T-Levels is a significant undertaking for the College and the College is currently in a strong position in relation to its T-Levels provision.

Governors were informed that the internal audit report on T-Levels provided Governors with strong assurance that the governance, risk management and control arrangements for the material risks reviewed are managed effectively. No recommendations have been made.

Paul Goddard highlighted that there is central support from the DfE, ESFA and T-Levels Teams and that Scrutton Bland are not generally making recommendations in these audits as all colleges are well prepared.

Governors were informed that getting the work placement element of the T-Level right is key and this is an area which management are focusing on.

Paul Whitehead reported that the College is confident it has the right structure in place to implement and deliver T-Levels however there is still a number of challenges with T-Levels going forward due to external forces. Whilst the audit opinion is strong, there has been a huge input from the College and it has not always been an easy way of working.

The Audit Committee noted the internal audit report on T-Levels.

5.4 Internal Audit Progress Report 2021-2022

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

Governors were informed that steady progress has been made with the audit plan this year.

The cyber security audit fieldwork has been completed and recommendations will be raised in the report.

Three audit reports will be presented to the June Audit Committee and two audit reports to the October Audit Committee.

Ruth Lucas highlighted that the dates for the Key Financial Controls audit need to be confirmed and that the FE Professional Development Grant project needs to be audited this academic year and will be added to the schedule.

The Audit Committee noted the internal audit progress report.

6 ESFA Audit Report

The Audit Committee received and considered the ESFA audit report, presented by Paul

Whitehead, Vice-Principal.

Paul Whitehead informed Governors that they had received the full audit report including management responses to the recommendations raised.

Governors noted that there is an error rating tolerance of 5% and this is an indicator as to whether the audit is passed or failed. The College's error rating was under 5% on all funding lines therefore the audit was successfully passed.

Governors were informed that it would be very surprising not to get any recommendations based on the scale and breadth of the sample. Actions are being worked on by the College and none of the recommendations were a surprise to the College.

Governors noted that key areas to focus on were functional skills in apprenticeships, with work being done on this by the Maths and English Team, and tracking of hours and off the job delivery. The College is in a better position with this than it was at the previous audit however there is still work to be done around attendance records and planned hours. There is ongoing oversight of the provider data self-assessment toolkit (PDSAT) reports which are monitored on a regular basis to ensure that the data is consistent. The College is raising the knowledge levels around the reports to allow greater oversight.

Brian Keane asked if this was a normal outcome of the audit with a number of recommendations and less than a 5% error rating. He also reported that as it would be most unusual for no recommendations to be made, he was happy with the contents of the report.

Paul Goddard reported that Scrutton Bland see these reports regularly through its clients and by attending Audit Committee meetings. He reported that he has not seen any report where there is no element of funding clawback. The challenge is always around getting withdrawal dates as accurate as possible.

The Audit Committee noted the ESFA audit report and agreed that the recommendations would be added to the audit tracker, however noted that some might be merged with the outstanding internal audit recommendations.

7 VAT Review

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

Paul Whitehead reported that this a complex area for colleges therefore the College used some resource to get Scrutton Bland VAT specialists to provide support to the College on VAT issues and risks.

Governors were informed that actions and issues raised will be taken forward and there is a need to have better oversight which is also being taken forward.

Ray Levy asked what the value of the claim submitted to HMRC was. Paul Whitehead reported that he will obtain the figure from Deanne Morgan and report back to the Committee. **Post-meeting note: the value of the claim is currently £59,422.**

Ray Levy asked about whether the College had considered and agreed a new special method with HMRC as detailed in section 3.17 of the report. Paul Whitehead reported that he will ask Deanne Morgan for an update on this. **Post-meeting note: this has been considered and has been put on hold due to resource implications.**

The Audit Committee noted the VAT review.

8 Internal Audit Tracker

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

Paul Whitehead informed the Committee that good progress is being made with implementing the recommendations and that a number have been completed and will be removed from the tracker.

Ray Levy reported that it is good to see the progress being made by the College. Paul Whitehead reported that the process is well monitored, managers are well-briefed and the right recommendations are agreed with the auditors.

The Audit Committee approved the audit tracker.

9 Risk Register

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

The Committee noted that no new risks have been added to the register since the Audit Committee's last review of the risk register.

Two risks have been deleted from the register since the Audit Committee's last review of the risk register, as follows:

- T Levels capital refurbishment works significantly overrun in relation to programme of works and available budget, causing prolonged campus disruption and placing additional financial pressures on the organisation.

This risk has been deleted as the work has been completed.

- College fails to comply with ESFA funding requirements resulting in financial claw back.

This risk has been deleted as the ESFA audit has been concluded. The adjustment was put through last year's accounts as it relates to the year of the audit and it has been closed off.

Two risks have had the risk wording updated and have been revised with a higher risk score, as follows:

- Risk 7 - Risk from BMAT sponsoring the UTC (BMAT STEM) in terms of change in nature. This is due to the proposed plan for BMAT STEM to have a 120 place 6th form and the New Sir Frederick Gibberd College.

The risk score has increased from 12 to 16 due to a decline in 16-19 student numbers in 2021-22 and increased competition and marketing activity for the new College.

- Risk 8 - Curriculum change removing vocational programmes and increasing academic programmes including T-Level Implementation.

The risk score has increased from 12 to 16 due to increased indication that the government strategy is to move qualification to academic routes, which would not be assessable by large number of our learners. The remit of the risk has been widened as it does not just relate to T-Levels and there is a risk to learners that are not suited to academic programmes as to what they can access and be successful in.

One risk has been revised with a lower risk score, as follows:

- Risk 10 - COVID-19 local outbreaks impact on onsite delivery causing large scale move to online learning.

The risk score has decreased from 20 to 15 due to COVID the changes in approach by the government and reduced ability to monitor and take action. The College has also managed outbreaks well however the College continues to have processes in place to deal with and mitigate against COVID where possible.

One risk has had the risk wording updated however the risk score remains the same, as follows:

- Risk 9 - Ongoing monitoring of financial health to ensure the College has 'Good' status, cash generation is good and also ensure the College meets banking/covenant requirements (including refinancing of loans) and generates cash to support ongoing capital investment, including the rising cost of utilities and materials.

This risk has been expanded to include the rising costs of utilities and materials which pose a risk to the College. These costs become more challenging when there is no additional funding to cover the costs. The College is in a fixed contract for utilities therefore this is not of major concern at present however it will be part of the College's financial planning going forward. Ben Nicholl highlighted that energy cost savings and environmental protection is good for both the environment and the College's finances.

The National Insurance increase will also have an impact this year on the College's finances.

Paul Goddard highlighted the cyber security risk and attacks that have taken place at other colleges, along with supplier fraud where bank account changes are fraudulently being requested. Ray Levy reported that it is felt that it is "when" not "if" organisations are subject to a cyber attack and Paul Whitehead confirmed that this is the scenario the College is working on. Ben Nicholl reported that the College has reviewed all its systems following a number of cyber attacks on colleges and higher education institutions. The College has cyber insurance in place and is advising all staff to be extra aware and cautious.

Paul Goddard reported that he believed there was nothing lacking for the risk register.

The Audit Committee approved the risk register and noted that the COVID adjustment columns have now been removed from the register.

10 Regularity Audit Self-Assessment Questionnaire Review

The Audit Committee received and considered the Regularity Audit Self-Assessment Questionnaire Review, presented by Paul Whitehead, Vice-Principal.

Governors noted that the report is the Spring 2022 review and updates are shown in green throughout the document.

The review was taken as read.

The Audit Committee noted the Regularity Audit Self-Assessment Questionnaire Review.

11 Report on Fraud Against the College

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

The Committee noted that there has been no fraud or fraud attempts against the College since the last Audit Committee meeting. There have been some phishing attempts which are ongoing however they have not got to any level of severity at present.

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 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

Summer Term	Tuesday 21 June 2022	TBC
	<i>(including joint meeting with the Resources Committee)</i>	