

# **HARLOW COLLEGE FURTHER EDUCATION CORPORATION**

## **AUDIT COMMITTEE**

### **Minutes of the meeting held virtually on MS Teams on Wednesday 25 June 2025**

Membership                      \*Matt Braund  
   \*Julia Fillary  
   \*Ray Levy (Chair)  
   \*Ian Tompkins

\*denotes present

In attendance                      Shachi Blakemore, Buzzacott  
   Paul Goddard, Scrutton Bland  
   Paul Whitehead, Deputy Principal  
   Deanne Morgan, Executive Director – Finance  
   Ben Nicholl, Executive Director – IT and Systems  
   Ruth Lucas, Head of Governance

#### **1 Apologies for Absence**

There were no apologies for absence.

#### **2 Declarations of Interest**

There were no declarations of interest.

#### **3 Minutes of the Previous Meeting**

The minutes and the confidential minutes of the Audit Committee meeting held on 4 March 2025 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 Reports**

##### **5.1 Budget Setting and Control Internal Audit Report**

The Audit Committee received and considered the internal audit report on budget setting and control, presented by Paul Goddard, Scrutton Bland.

Governors were informed that the internal audit report on budget setting and control provided Governors with significant assurance that the governance, risk management and control arrangements for the material risks reviewed are managed effectively. Paul Goddard confirmed that the College continues to have an effective framework for budget setting and control.

Two low level recommendations have been made, which are interlinked around budget monitoring at individual budget holder level due to the finance system not

currently having a live budget reporting mechanism. The recommendations focus on formalising how reporting is shared and having more structured, regular meeting with budget holders. Deanne Morgan reported that a new finance system is being explored and a demonstration is taking place this afternoon.

The Audit Committee noted the internal audit report on budget setting and control.

## **5.2 Higher Technical Education Annex G**

The Audit Committee received and considered the Higher Technical Education Annex G Certificate, presented by Paul Goddard, Scrutton Bland.

This audit was to provide assurance to the DfE that the funding received was spent in accordance with the grant funding agreement.

Paul Goddard reported that the College was highly organised with the evidence required and that the Annex G certificate was signed without any issue.

The Audit Committee noted the Higher Technical Education Annex G Certificate.

## **5.3 Local Skills Improvement Fund Annex G**

The Audit Committee received and considered the Local Skills Improvement Fund Annex G Certificate, presented by Paul Goddard, Scrutton Bland.

This audit was to provide assurance to the DfE that the funding received was spent in accordance with the grant funding agreement.

This funding was a significant investment of just under £3m.

Paul Goddard reported that the College was highly organised with the evidence required and that the Annex G certificate was signed without any issue.

The Audit Committee noted the Local Skills Improvement Fund Annex G Certificate.

## **5.4 Internal Audit Progress Report**

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

Governors were informed that the funding assurance audit is currently taking place and an additional piece of work on the right to work is scheduled for July, as requested by management. Both of these reports will be presented at the first Audit Committee meeting next academic year, alongside Scrutton Bland's Internal Audit Annual Report.

The Audit Committee noted the internal audit progress report.

## **5.5 Internal Audit Charter 2025**

The Audit Committee received and considered the Internal Audit Charter 2025, presented by Paul Goddard, Scrutton Bland.

Paul Goddard reported that new standards were rolled out in January 2025 and that auditors need to ensure that the charter is presented to Audit Committees. Paul Goddard reported that Scrutton Bland is already doing everything that is set out in the charter.

A Governor asked whether Scrutton Bland being part of the Sumer Group was new. Paul Goddard reported that this happened approximately 18 months ago and confirmed that this has had no impact on their work with the College.

The Audit Committee noted the Internal Audit Charter 2025.

## **6 Taking Teaching Further Annex G**

The Audit Committee received and considered the Taking Teaching Further Annex G audit certificate, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reported that this audit was able to be completed in-house. There was a clear segregation of duties to ensure objectivity.

The Audit Committee noted the Taking Teaching Further Annex G audit certificate.

## **7 Audit Tracker**

The Audit Committee received and considered the audit tracker, presented by Deanne Morgan, Executive Director – Finance.

Governors noted that good progress is being made with the outstanding audit recommendations.

Completed recommendations will be removed from the tracker.

The Audit Committee approved the audit tracker.

## **8 Internal Audit Strategy and Plan 2025-2026**

The Audit Committee received and considered the Internal Audit Strategy and Plan 2025-2026, presented by Paul Goddard, Scrutton Bland.

Paul Goddard reported that the plan is in draft format for the Audit Committee to consider and there can be flexibility with the plan throughout the year.

Governors' attention was brought to Section 2 of the report which details the eight areas that Audit Committees need to make opinions on. Governors were informed that only seven are relevant to Harlow College as the College does not use subcontractors.

Paul Goddard reported that the plan is linked to the College's risk register and Governors' attention was brought to Section 4 which highlights the College's top risk and previous audit coverage in these areas.

Paul Goddard highlighted the proposed audits for 2025-2026, as detailed in Appendix A. Governors were reminded that the learner records audit is an annual piece of work and is relied on by the external auditors when completing their work. Governors were

informed that Appendix B provides potential areas for consideration for 2026 – 2027.

A Governor highlighted the proposed marketing strategy audit and reported that they would be interested in understanding the scope of the audit and how the strategy can be measured.

A Governor asked if the audit would be just marketing or include communications as well. Paul Goddard reported that it is often a marketing and public relations audit.

A Governor reported it would be useful to know what the Audit Committee and College is hoping to get from the marketing audit. Paul Goddard reported that the scope often includes how the marketing strategy is prepared, how it is being delivered, engagement with the strategy, ensuring the right conversations are taking place and monitoring return on investment. It will likely focus on the different provision the College has, recruitment linked to this and how the College's marketing approach is tailored to each provision type.

A Governor reported that there is a need to ensure that the audit is beneficial, detailing where improvements can be made.

A discussion was held as to whether this was the right audit to include in the plan and the Audit Committee confirmed that it was. A Governor reported that it is relevant as image and perception can bring organisations down and that it is good that the College is recognising the value of such an audit.

Paul Whitehead reported that the Audit Committee is used to seeing more regular number and data driven audits. This audit would use the expertise of Scrutton Bland to review the effectiveness of the College's marketing and the effective use of resources to ensure that the College is moving forward in the right direction. This is key as the College needs to ensure that good, solid growth is maintained.

It was agreed that the audit brief will be shared with Governors in advance of the audit however it was noted that it will be for management to direct the scope of the audit to the areas where they feel the biggest risks are.

A Governor asked if the plan has been shared with management for comment. Deanne Morgan confirmed that discussions have taken place with Scrutton Bland and management, particularly around timings of the audits and in relation to any new upcoming legislation.

The Audit Committee approved the Internal Audit Strategy and Plan for 2025-2026 and agreed to recommend it to the Corporation at its meeting on 10 July 2025.

## **9 External Audit**

### **9.1 To receive and approve the Harlow College Audit Strategy for Year Ending 31 July 2025**

The Audit Committee received and considered the External Audit Strategy, presented by Shachi Blakemore, Buzzacott.

Shachi Blakemore reported that a document sets out Buzzacott's approach to the external audit and sets out the risks that will be focused on more. Governors were

informed that the DfE financial health score could add in an extra risk dependant on the audit. The audit will examine financial health and going concern and the challenging times in the sector in relation to funding can have an impact on financial health ratings.

The audit will also focus on the treatment of capital compared to revenue and the bank covenants, both retrospectively and for twelve months forward from the date of the sign-off of the Financial Statements.

The audit will follow up the apprenticeship debt in more detail and will stress test this ensuring that this does not need revisiting again.

Shachi Blakemore confirmed that there is nothing new in the Accounts Direction, just minor tweaks, and that the Framework and Guide for External Auditors and Reporting Accountants of Colleges is not that different from the Post-16 Audit Code of Practice.

Shachi Blakemore highlighted the government's LGPS guarantee which was announced in October 2024. A number of colleges have had their pension schemes reassessed. Deanne Morgan reported that this had been undertaken by Essex LGPS and the College had a reduction in the deficit repayment amount on the secondary rate. DfE has confirmed that there is unlikely to be a reduction in the primary rate.

Shachi Blakemore highlighted the Weston College report and the need to ensure that there are proper processes in place for disclosures in the Financial Statements and to Governors and for related party transactions. There is a need for Audit Committees to ensure that the issues raised in the Weston College report are not happening at their colleges. Ruth Lucas reported that detailed reports have been presented to the Search and Governance Committee and Corporation which highlights the recommendations raised in the Weston College report, what Harlow College's current practice and ways in which the College could further improve transparency. There are no areas of concern for Governors in relation to the Weston College report.

Governors were informed that from 2027 Financial Statements will need to incorporate international accounting standards, currently it is UK accounting standards. Part of this change will be the need to add operating leases to the balance sheet.

Shachi Blakemore reported that management are asked if there has been any fraud or risk of fraud and asked if Audit Committee members had any concerns about fraud or fraud risk. The Chair of the Audit Committee reported that they are not aware of any risks and that fraud reports are a standing agenda item at Audit Committee meetings. They reported that the College informs the Chair of the Audit Committee immediately when there has been an instance of fraud. The Audit Committee confirmed that they were confident with the College's approach.

The Audit Committee endorsed the External Audit Strategy for Harlow College for the year ending 31 July 2025.

## **9.2 To receive the External Audit Engagement Letter and agree the terms of engagement,**

The Audit Committee received and considered the External Audit Engagement Letter, presented by Deanne Morgan, Executive Director – Finance.

Shachi Blakemore reported that this has been presented to the Audit Committee as there has been a change in the terminology.

The Audit Committee noted the External Audit Engagement Letter, agreed the terms of engagement and agreed for it to be signed by the Chair of Governors.

## **10 Withdrawal of the Post-16 Audit Code of Practice**

The Audit Committee received and considered the report on the withdrawal of the Post-16 Audit Code of Practice (ACoP), presented by Ruth Lucas, Head of Governance.

Ruth Lucas reported that the ACoP was officially withdrawn by the DfE on 26 March 2025 and has been replaced with the Framework and Guide for External Auditors and Reporting Accountants of Colleges the College Accounts Direction (CAD) and College Financial Handbook, the new version of which is due to be published imminently.

Paul Goddard reported that the report is well written and such a report has not been seen at other Audit Committee meetings.

The Audit Committee noted the report on the withdrawal of the Post-16 Audit Code of Practice.

## **11 Regularity Audit Self-Assessment Questionnaire Review**

The Audit Committee received and considered the Regularity Audit Self-Assessment Questionnaire Review, presented by Deanne Morgan, Executive Director – Finance.

Deanne Morgan reminded Governors that the Self-Assessment Questionnaire (SAQ) is reviewed each time the Committee meets and that the template issued by the DfE has been updated. The SAQ is reviewed by a number of managers and gives them a chance to reflect on their practice.

Governors' noted that the latest update includes references to fraud and some asset disposals.

Governors noted that this version will be updated for the last few months of the year and will form the final version which will be considered and agreed by the Audit Committee and the Corporation for signing by the Chair and the Accounting Officer in October and submitted to the external auditors.

A Governor asked about the two payment in lieu of notice (PILON) payments and asked if this was the College's usual practice. Deanne Morgan confirmed that staff would usually work their notice period and any PILON payments would be considered on a case by case basis. Last year no PILON payments were made. The payments this year were contractual therefore nothing to be concerned about.

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

## 12 Risk Management

The Audit Committee received and reviewed the Risk Register and the Risk Management Policy, presented by Deanne Morgan, Executive Director – Finance.

Governors were informed that the Risk Register is reviewed regularly and updated by the College's Executive Team.

Two new risks have been added to the register as follows:

- **Risk 5 – Local Government Policy: Essex devolution/mayoral changes impede the College's strategic direction.**

Currently the funding for Adult Skills Funding is from Central Government (with a small proportion at Stansted Airport College from the Greater London Authority); High Needs and Project Funding is a mixture of Central, Regional and Local Government funding. Devolution transfers the power and funding of from Central to Local Government and could impact the College's funding and contracting of Adult Skills, High Needs and various projects, with a possible net decrease in funding.

A Governor highlighted that Local Government reorganisation will also have an effect on a number of different levels, alongside the NHS reorganisation.

- **Risk 12 – Business Interruption (ability to function).**

There is a risk of business interruption and there is also the new "Martyn's Law" (Terrorism (Protection of Premises) Act 2025), which will come into force June 2027. The law is designed to improve public safety by requiring certain premises to consider and take steps to mitigate the risk of terrorist attacks.

Governors attention was brought to the risks that have been rescored, particularly Risk 3 – staff recruitment and retention. This risk has reduced due to the College successfully converting a number of agency staff to permanent members of staff.

Governors were reminded that the Risk Management Policy is considered annually by the Audit Committee and the Corporation.

The Audit Committee considered the Risk Management Policy and Governors noted that there are no proposed changes to the Policy.

The Audit Committee approved the Risk Register and the Risk Management Policy and agreed to recommend them both to the Corporation for approval at its meeting on 10 July 2025.

## 13 Fraud Report

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

Governors were informed that during May 2025 there were several instances of fraud on a Caxton payment card over a weekend in Hungarian Forint amounting to just over £700 for Facebook transactions. All transactions were flagged by Caxton and the card cancelled. Currently £500 has been refunded however as the fraud was a series of small

transaction, each transaction is being refunded individually. It is expected that the full amount will be refunded.

Governors were informed that normally the balance on the card is kept at zero value, however for a particular marketing supplier (Mailchimp) an open credit facility is required as the chargeable amount changes each month. This exposes the College to misuse of the card. Management are looking at its processes in order to reduce the risk of this happening again.

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

#### **14 Data Breach Report**

The Audit Committee received and considered the Data Breach Report, presented by Ruth Lucas, Head of Governance.

Governors were informed that two data breaches have occurred since the last Audit Committee meeting, one of which related to student details – single record and one related to student details – multiple records. Corrective action was taken immediately, risk assessments were undertaken and the data breaches did not meet the threshold for reporting to the Information Commissioner's Office.

The Audit Committee noted the Data Breach Report.

#### **15 Cyber Security Report**

The Audit Committee received and considered the Cyber Security Report Policy, presented by Paul Whitehead, Deputy Principal.

Paul Whitehead reported that the report provides an overview of cyber security as requested by the Audit Committee. The categories used in the report were explained and Governors were informed that there will also be incidents that are below the low threshold.

A Governor highlighted the VPN being restricted to the UK. Ben Nicholl reported that the process has been tightened up and any request for access to the VPN outside the UK will be considered on a case by case basis. Paul Whitehead reported that the majority of systems are now cloud-based and not reliant on the VPN to access them.

The Audit Committee thanked Paul Whitehead and Ben Nicholl for the report agreed that the report is very helpful and at the right level.

The Audit Committee noted the Cyber Security Report.

#### **16 Any Other Business**

There were no items of any other business.

#### **17 Dates of Future Meetings, Terms of Reference and Committee Business Plan**

The Audit Committee received, considered and approved the dates of future meeting, the Committee's terms of reference and the Committee's business plan.



*Following this meeting the Audit Committee met privately with Buzzacott, external auditors, and Scrutton Bland, internal auditors.*

**Key Points From The Meeting For Corporation:**

**1. Internal Audit Strategy and Plan**

To receive and approve the Internal Audit Strategy and Plan for 2025 – 2026.

**2. Review of the Risk Register and Risk Management Policy**

To review and note the current Risk Register and to review and approve the Risk Management Policy.