

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held virtually on Zoom on Tuesday 06 October 2020

Membership *P Bartlett (Chair)
 *C Chatt
 A Durcan
 *R Levy
 *L Lin

*denotes present

In attendance P Goddard, Scrutton Bland
 P Whitehead, Vice-Principal
 D Morgan, Executive Director – Finance and Facilities
 R Lucas, Head of Governance

965 Apologies for Absence

Apologies for absence were received from Nick Cattini – RSM UK and W Allanson, Harlow College.

966 Declarations of Interest

C Chatt declared that he is a staff governor.

967 Minutes of the Previous Meeting

The minutes of the Audit Committee meeting and the joint Resources and Audit Committee meeting both held on 23 June 2020 were agreed as accurate records of the meetings and were signed by the Chair.

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

There were no matters arising.

969 Internal Audit

969.1 Internal Audit Annual Report 2019-2020

The Audit Committee received and considered the internal audit annual report for 2019-2020, presented by P Goddard from Scrutton Bland.

Governors noted the following opinion as stated in Scrutton Bland's Annual Report:

"In our opinion, for the year ended 31 July 2020 the College:-

- *has adequate and effective risk management processes;*
- *has adequate and effective governance processes;*
- *has adequate and effective control processes; and*
- *has adequate and effective processes regarding efficiency and effectiveness.*

These opinions are designed to assist the Audit Committee when preparing their own Annual Report.”

P Goddard reported that the majority of assignments had been completed prior to lockdown therefore enough work had been undertaken to provide the assurances above.

Eight assignments were delivered throughout the year, three of which gave strong assurance and five of which gave significant assurance, placing the College in the top quartile of the benchmarking data. P Goddard further reported that good progress had been made in respect to Health and Safety and Estates Management. C Chatt reported that the Health and Safety Manager is approachable and has been very helpful.

P Goddard highlighted section 1.5 and reported that the College is strong at ensuring compliance with external regulations and good practice was identified in the High Needs Funding audit.

Governors' attention was brought to section 1.6 covering data quality and Governors noted that three audits encompassed elements of data quality had taken place: Payroll, High Needs Funding and Single Central Record.

P Goddard highlighted that the College has a good track record of monitoring and implementing previous recommendations with a particular focus this year being on the recommendations raised in the Health and Safety and Estates Management audits.

Governors' attention was brought to Appendix A which provides a summary of the audits which have taken place and the number of recommendations raised in each audit. P Goddard highlighted that two audits had not be undertaken during the year as originally planned. The T-Levels audit was postponed until the following academic year due to lockdown and the funding audit did not take place due to the College having had an ESFA funding audit in Autumn 2019. Governors noted that the number of recommendations made in 2019 – 2020 is significantly lower than the number made in 2018 – 2019 however due to the differing nature of the audits, the figures are not comparable.

P Goddard highlighted the sector benchmarking graphs and informed Governors that the College is well above average for strong assurances and above average for significant assurances.

P Goddard reported that the Audit Committee could take positive assurances from this report.

P Goddard thanked P Whitehead, R Lucas and the team for thoroughly checking draft reports, providing constructive comments on the reports and for turning reports around quickly.

P Bartlett asked whether there were any specific areas or types of audit in relation to the benchmarking data which other clients struggled with. P Goddard confirmed that health and safety and funding audits, particularly around the 20% off the job training for apprentices, are challenging areas. P

Goddard also confirmed that challenging areas vary from client to client. Scutton Bland are seeing challenges in merging colleges where one entity is weaker than the other.

P Bartlett, on behalf of the Audit Committee, thanked P Whitehead, D Morgan and R Lucas for their work on managing the College's internal audit processes.

The Audit Committee noted the Internal Audit Annual Report for 2019-2020.

969.2 Internal Audit Plan 2020-2021

The Audit Committee received the internal audit plan for 2020-2021, presented by P Goddard from Scrutton Bland.

P Goddard highlighted the proposed timetable is in the process of being finalised with the College.

P Bartlett asked if there were any audit areas which should be built into the plan due to COVID-19 or whether there were any other audits being planned by other college clients which the College had not considered. P Whitehead responded that the contingency days in the plan will allow for flexibility throughout the year for additional audits to be carried out when a need is identified. P Whitehead also confirmed that the College has some funded projects which will need to be audited during the year out of the contingency days. P Whitehead also reported that there had been changes to funding guidance and online enrolment and learning therefore the student records audit will be critical and the possibility of building extra audit days into that audit should be explored to ensure that there is a focus on the new funding rules as well as apprenticeships.

Governors noted that due to the current circumstances in relation to COVID-19, audits in the Autumn Term are difficult. D Morgan highlighted that cash flow management is scheduled for this term and that this audit would be of particular importance due to the potential impact of COVID-19.

L Lin asked about the Centre of Excellence in Maths and reported that colleges in China are interested in learning about the College's online learning. P Whitehead reported that the Principal is leading on this project and this could be explored further. P Whitehead confirmed that this audit would focus on delivery by the partner colleges as per the previous year's audit.

L Lin asked how work placements and apprenticeship recruitment had been affected by COVID-19. P Whitehead reported that the College is still recruiting apprentices and has updated all the paperwork for apprenticeships, work placements and industry placements to ensure that working environments are COVID secure. The College is also ensuring that learners are not in high risk groups before they are sent to the workplace. The College has ensured it has a robust approach to apprenticeships, work placements and industry placements.

The Audit Committee agreed the Internal Audit Plan for 2020-2021.

970 Audit Tracker

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

Governors were informed that eight internal audit recommendations have been completed, two of which were medium recommendations and six of which were low recommendations.

Governors also noted that both external audit recommendations have been completed and that two ESFA actions have been completed.

Governors were informed that the College continues to make progress with all of the outstanding audit recommendations.

The Audit Committee approved the audit tracker.

971 Teachers' Pension Scheme Audit

The Audit Committee received and considered the Teachers' Pension Scheme audit report, presented by D Morgan, Executive Director – Finance and Facilities.

D Morgan reported that the audit had been completed, no issues to report had been identified and the audit certificate had been submitted to the Teachers' Pension Scheme prior to the deadline for submission.

P Bartlett asked about the 21p variance and D Morgan confirmed that this was rectified prior to the audit,

The Audit Committee noted the Teachers' Pension Scheme audit report.

972 Regularity Audit

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

D Morgan informed Governors that the Regularity Audit is an annual questionnaire which uses an ESFA template however this year there is an additional annex in relation to COVID-19 which needs to be completed. The questionnaire forms part of the external audit process and is signed by the Accounting Officer and Chair of Governors.

D Morgan informed Governors that the sections highlighted in blue were new or updated this year. D Morgan highlighted that progress had been made in the area highlighted in yellow marked still to be completed. Annual fire assessments have been completed for all sites however the College is awaiting one report for one site.

P Bartlett highlighted the response box on page 21 which is yet to be completed. It was agreed that D Morgan would update this section prior to the document being submitted to the Corporation for approval.

A discussion was held around external audit, how it would work remotely and the work the College does to prepare for external audit.

After reviewing the proposed responses contained within the questionnaire, the Audit Committee agreed to recommend the Regularity Audit to the Corporation for approval

and for signature by the Accounting Officer and Chair of Governors.

973 English Colleges' Code of Good Governance

The Audit Committee received and considered the assessment of the Corporation against the Code of Good Governance for English Colleges for 2019/20, presented by R Lucas, Head of Governance.

Governors were informed that the report is produced annually and a statement of compliance with the Code is included in the College's annual accounts. The Code is adopted on a 'comply or explain' basis.

The Audit Committee reviewed the points in the mapped document of the Code and noted that the College was compliant with the vast majority of its elements and actions were planned for some areas.

R Lucas highlighted that the College's compliance with the Code was the focus of an internal audit in 2016 which gave a significant assurance opinion and that the College's approach to the majority of elements of the Code remains unchanged since this audit.

The Audit Committee approved the proposed response to the Code of Good Governance for English Colleges and agreed to recommend the report to the Corporation for approval.

974 Risk Management

The Audit Committee received and reviewed the COVID-19 re-opening risk assessment and action plan, presented by P Whitehead, Vice-Principal.

P Whitehead reported that this document has been shared with all staff and the unions. R Lucas also reported that the Corporation was presented with a previous version at its meeting on 9 July 2020 and that the Coronavirus Governance and Leadership Group had recently reviewed the document and it had since been updated based on their feedback.

P Whitehead informed Governors that the document focuses on how the College is managing the risks associated with COVID-19 and how to get learners and staff back on site safely and securely. C Chatt reported that the systems appear to be working well and that the senior team at the College has done a good job in ensuring the College is a safe environment for all. P Whitehead reported that there was some apprehension about how the re-opening of the campus would work however the College has put good, robust, cohesive plans in place which are working well. Student behaviour is good and a safe, comfortable environment has been created. Feedback from staff, students and parents has been positive and the College is responding to the feedback received.

Governors were reminded that the College has an overarching risk register which is normally presented to the Audit Committee and a COVID-19 risk register. P Whitehead reported that the intention is to combine these registers so the new register is aligned to where the College is now in relation to risks to the organisation and it is intended that each risk will identify whether there is a COVID-19 factor associated with it.

P Bartlett asked if there are any new risks which the Committee should be aware of.

P Whitehead reported that there is nothing specific however there are ongoing challenges with earning the AEB funding allocation, which creates both risk and opportunity. The College is in the fortunate position of health and safety work having been completed prior to COVID-19 and puts the College in a strong position for the challenges that lie ahead.

D Morgan reported that the pension risk has decreased due to the three year valuation of the LGPS however this risk could increase again due to the unknown impact COVID-19 will have on the economic performance of pensions and the valuation in 2023 is currently unknown. Furthermore the TPS increase is currently only being funded until March 2021. These elements could therefore cause this risk to fluctuate.

The Audit Committee endorsed the COVID-19 re-opening risk assessment and action plan.

975 Audit Code of Practice 2019 – 2020

The Audit Committee received and considered the report on the Audit Code of Practice, presented by R Lucas, Head of Governance.

R Lucas highlighted that the Audit Code of Practice focuses on protecting the College's funding and assets, meeting legal obligations and fraud.

R Lucas informed the Committee that the Code is usually released annually in February and is applicable from start of the academic year in which it is released. R Lucas reported that the Code for 2019 – 2020 was not released until July 2020.

R Lucas reported that there were no material changes to the 2019-2020 version compared to the 2018-2019 version however the main areas of difference were highlighted to the Committee.

R Lucas also reported that a supplementary bulletin had also been produced which introduces a small number of additional requirements that college corporations must comply with and aims to provide guidance to principals, governors and external auditors on matters arising from the COVID-19 pandemic which may impact on the corporation's accounts for the year ending 31 July 2020.

P Goddard highlighted that an internal audit document had also been published following the publication of the Audit Code of Practice over the Summer.

P Bartlett asked what the 2019-2020 Code stated about staff governors being members of the Audit Committee. R Lucas reported that it states that it should be considered whether staff members on an audit committee meet good practice standards of independence and objectivity. The Audit Committee agreed that as long as a declaration was made by the staff governor at the start of each meeting that the Committee was comfortable with the staff governor being independent and objective.

The Audit Committee noted that the proposed Audit Committee's Terms of Reference for 2020/21 as outlined in the Audit Code of Practice remain unchanged from the version that was presented and approved at the Audit Committee meeting held on 23 June 2020.

The Audit Committee noted the report on the new Audit Code of Practice.

976 Anti-Fraud Policy and Anti-Fraud Checklist for Post-16 Providers

The Audit Committee received and considered the Anti-Fraud Policy and Anti-Fraud Checklist for Post-16 Providers, presented by D Morgan, Executive Director – Finance and Facilities.

Governors were informed that the Policy remains unchanged however the summary box in the Anti-Fraud Checklist had been updated.

The Audit Committee reviewed the Anti-Fraud checklist and were satisfied with the College's responses.

P Goddard reported that some clients are producing a fraud risk document which is being shared with the Audit Committee. The Audit Committee agreed this would be useful and it was agreed that P Goddard would forward examples to D Morgan and that this would be agenda item for the Audit Committee meeting taking place on 2 March 2021.

The Audit Committee noted the Anti-Fraud Policy and the Anti-Fraud Checklist for Post-16 Providers.

977 Report on Fraud Against the College

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

D Morgan reported that there had been no instances of fraud or attempted fraud since the last Audit Committee meeting. D Morgan reported that additional layers of IT security have been implemented due to staff working from home and cash fraud is less of a risk due to less cash being held on site.

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

978 Data Breach Report

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

The Committee noted that there have been no data breaches this academic year to date.

P Whitehead reported that there have been a few "near misses" which have been dealt with quickly with advice taken from the Information Commissioner's Office where appropriate. The Information Commissioner's Office has confirmed that if data has not been seen by anyone who should not have access to it, then it is not classified as a data breach.

P Whitehead also reported that the College has a good reporting culture for data breaches and potential data breaches and that the Data Protection Officer deals with all reports promptly.

The Audit Committee noted the Data Breach Report.

979 Any Other Business

There were no items of any other business.

980 Dates of Future Meetings

Autumn Term	Thursday 03 December 2020	09.30am <i>(including joint meeting with the Resources Committee)</i>
Spring Term	Tuesday 02 March 2021	08.30am
Summer Term	Tuesday 22 June 2021	08.30am <i>(including joint meeting with the Resources Committee)</i>