

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Wednesday 08 October 2014

Membership	*Paul Bartlett (Chair) *Neil Allen *D Palmer M Prodger
*denotes present	*P Whitehead
In attendance	T Sharman, Scrutton Bland D Harris, Baker Tilly P Marsh, Harlow College D Morgan, Harlow College D Sheridan, Clerk to the Corporation R Lucas, Deputy Clerk to the Corporation

659 Apologies for Absence

Apologies were received and accepted from Myrtle Prodger.

660 Declarations of Interest

P Whitehead declared an interest in agenda items 663.1 – Internal Audit Report, Learner Number Systems and 665 – Audit Tracker as the audit report and a number of items in the tracker fall under his remit.

661 Minutes of the Previous Meeting

The minutes and the confidential minute of the meeting held on 16 June 2014 were agreed as an accurate record of the meeting and were signed by the Chair.

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

662.1 Joint Tenants (minute 649.1, 639.1 and 628.1 refer)

Baker Tilly has scoped the work the College requires to be undertaken on the inter-company debt between the joint tenants. A review is to be carried out and this is starting to be progressed.

662.2 Value for Money and Procurement Policy (minute 649.2, 639.2, 627 and 618 refer)

The College has received a copy of a policy used by another college which is seen by Baker Tilly as a model of good practice. This will be adapted for Harlow College and the policy will be presented to the Resources Committee.

662.3 Financial Management Internal Audit Report (minute 650.4 refers)

The Corporation agreed amendments to the Financial Regulations at its meeting on 3 July 2014. A review of the Financial Regulations will take place and any further proposed amendments will be presented to the Audit Committee.

662.4 External Audit (minute 653 refers)

VAT issues are being explored with Baker Tilly, especially in relation to the UTC.

663 Internal Audit Reports

663.1 Internal Audit Report – Learner Number Systems

The Audit Committee received and considered the internal audit report presented by D Harris from Baker Tilly on learner number systems which gave governors reasonable assurance that the controls upon which the college relies are suitably designed, consistently applied and effective.

Three medium priority recommendations and three low priority recommendations have been made and these recommendations were discussed by governors and D Harris.

Governors noted that these type of audits often result in a number of recommendations and a relatively high number of red amber opinions are issued. Governors therefore noted that the amber green opinion that the College received is a positive opinion.

The Audit Committee approved the internal audit report on learner number systems.

663.2 Internal Audit End of Year Summary

The Audit Committee received and considered the internal audit end of year summary report presented by D Harris from Baker Tilly.

D Harris provided governors with a summary of the work that had been undertaken by Baker Tilly. Governors noted that the assignments delivered are one source of assurance provided to the Audit Committee and the summary does not form a formal annual audit opinion.

Eight assignments were delivered throughout the year, two of which were advisory. All opinions for the other six audits were positive opinions.

28 recommendations were made in total throughout the year, 14 of which were medium priority and 11 were low priority. Three advisory recommendations were made. There were no high priority recommendations.

Governors noted that the safeguarding audit only related to the work the College undertakes with Job Centre Plus and the unemployed and does not relate to safeguarding across the whole College.

The Chair thanked D Harris and Baker Tilly for all their hard work on internal audit. D Harris wished the College good luck for the future and hoped the College would continue its good work and good results.

The Audit Committee approved the internal audit end of year summary report.

664 Internal Audit Plan 2014/15

The Audit Committee received and considered the internal audit plan for 2014/15, presented by T Sharman from Scrutton Bland.

T Sharman explained the process involved in developing the audit plan and talked through the plan in detail.

Governors noted that a full opinion will be given on risk management, governance and internal control. An allocation for a finance audit, follow-up, compliance audits, HR management audit and strategic planning and curriculum planning audit have been included in the plan.

Governors asked how the Audit Committee could provide an opinion on efficiency, economy and effectiveness and a detailed discussion was held around this. Governors agreed that this would cover value for money as part of the wider College picture. It was agreed that the Committee should be provided with and review a list of large contracts that the College holds and that sources of information, such as success rates and management accounts, should be mapped. It was further agreed that an efficiency, economy and effectiveness baseline for 2013/14 should be established which can be measured against for 2014/15.

The Audit Committee agreed the focus for the governance audit could be fraud prevention measures.

The Audit Committee approved the annual audit plan for 2014/15.

665 Internal Audit Tracker

The Audit Committee considered the Audit Tracker, presented by P Marsh, Deputy Principal. Governors noted that the tracker contains outstanding recommendations arising from all internal audits, external audit and SRF audits and that the College is striving to implement all recommendations in a timely fashion.

A discussion was held around the tracker and governors noted that the number of outstanding recommendations has dramatically decreased.

Governors noted that a number of the red category recommendations were from

the SRF audit, that work has been undertaken on data security and that negotiations are taking place with the bank around a number of the College's banking requirements.

The Audit Committee approved the audit tracker.

666 Risk Management

The Audit Committee received and reviewed the Risk Register, presented by P Marsh, Deputy Principal.

P Marsh informed the Committee that the register is a tool for recording significant risks and explained the process for rating risks.

A detailed discussions was held around the risk register and Governors noted the following:

- There are 26 risks on the register.
- Risk 20 – capital projects over £100k not managed effectively - has been deleted as all external contracting work has been completed, however any future building works over £100k will be added to the register.
- Risk 4 – failure to secure sufficient Harlow College employed apprentices – has been rescored and downgraded from 20 to 12.
- Risk 8 – the UTC – has been rescored and downgraded from 16 to 12.
- Risk 3 – failure to recruit to the College's HE target – has been reviewed however the risk score remains at 12.
- Risk 22 – loss of network room – a new date for the Disaster Recovery Plan has been agreed.
- Risk 27 – bank calling in loans – has been rescored and downgraded from 20 to 15.
- Risk 32 – College fails to reach its full cost work income target – this has been rescored upwards from 8 to 12.
- The current highest risks are risk 2 – failure of learners/partners to achieve required performance, risk 7 – academic fraud, risk 1 – government selects a policy counter to the strategic direction of the College, risk 10 – achievement of the adult learner responsive income target and risk 27 – bank loans and meeting the covenants.

A discussion was held around the scoring of risk 2 – failure of learners/partners to achieve required performance and risk 7 – academic fraud, as governors felt the likelihood seemed too high. P Marsh agreed to review these risks with the Executive.

A question was also raised regarding risk 13 – malicious use of regulatory frameworks to damage the College’s reputation. It was agreed that this risk needed to be reviewed as it could be related to a historic issue in the College. P Marsh agreed to review this risk with the Executive.

The Audit Committee approved the risk register.

667 Joint Audit and Resources Committee Meeting – 3 December 2014

The Audit Committee received and considered the proposal to hold a joint Audit and Resources Committee meeting, presented by D Sheridan, Clerk to the Corporation.

The Clerk explained the proposed format for the meeting. The Audit Committee would meet first to discuss their own business, followed by the joint meeting of the Audit and Resources Committees to consider the end of year accounts, the financial statements and the regulatory audit. The Resources Committee would then continue their meeting to discuss their own business.

The Audit Committee agreed the format for the Joint Audit and Resources Committee meeting on 3 December 2014.

668 Any Other Business

There were no items of any other business.

669 Dates of Future Meetings

Autumn Term	Wednesday 03 December 2014 (joint meeting with the Resources Committee)	08.30am
Spring Term	Tuesday 03 March 2015	08.30am
Summer Term	Tuesday 16 June 2015	08.30am