

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Tuesday 1 March 2016

Membership *P Bartlett (Chair)
 N Allen
 *A Durcan
 *P Whitehead

*denotes present

In attendance P Goddard, Scrutton Bland
 M Stokes, Deputy Principal
 D Morgan, Director of Financial Services
 D Sheridan, Clerk to the Corporation
 R Lucas, Deputy Clerk to the Corporation

732 Apologies for Absence

Apologies were received from N Allen.

733 Declarations of Interest

P Whitehead declared an interest in agenda item 736.2 – subcontracting internal audit report – due to being the audit sponsor.

734 Minutes of the Previous Meeting

The minutes of the Audit Committee meetings held on 3 December 2015 and 10 December 2015 and the minutes of the joint Audit and Resources Committee meeting held on 3 December 2015 were agreed as an accurate record of the meetings and were signed by the Chair.

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

735.1 Internal Audit Tracker (minute 722 refers)

The audit tracker has been amended with names removed and job titles added in.

735.2 External Audit (minute 729 refers)

Governors noted that the financial statements and the audit findings report had been signed off and were filed with the SFA by the 31 December 2015 deadline.

735.3 SFA Financial Health Rating

The Audit Committee was informed that the College's SFA financial health rating has been re-assessed and is now Good and the College will no longer need to provide monthly reports to the SFA. Revised financial forecasts have

also been submitted to the SFA, however the College's health rating was re-assessed as Good without this information.

736 Internal Audit Reports

736.1 Impact of Employer Engagement

The Audit Committee received and considered the internal audit report on the impact of employer engagement presented by Paul Goddard from Scrutton Bland.

The internal audit report on the impact of employer engagement 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 were made and the Committee was informed of them by Paul Goddard.

Paul Goddard reported that there had been a significant change in the College's approach to employer engagement with the business development team, marketing department and the STAR Agency being aligned and working closely together. There is a greater cohesion within these three teams and a joint business development and marketing strategy is being developed.

Paul Goddard highlighted the findings under Section 6 – Value for Money including the significant restructure in the business development team.

Governors noted that the internal audit report agreed with Ofsted's assessment and that Ofsted confirmed the College's own self-assessment grade for the area, including apprenticeships.

P Whitehead suggested there should be two targets for the team – a learner number starts target and an income target. M Stokes agreed to look into this further.

The Audit Committee noted the internal audit report on the impact of employer engagement.

736.2 Subcontracting SFA External Controls Assurance

The Audit Committee received and considered the internal audit report on subcontracting SFA external controls assurance presented by Paul Goddard from Scrutton Bland.

The internal audit report on subcontracting SFA external controls assurance provided Governors with reasonable 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 were made and the Committee was informed of them by Paul Goddard.

Paul Goddard informed Governors that the audit focused on the start to finish process of managing the College's sub-contractors and that the required certificate was submitted by Scrutton Bland to the SFA before the 31 January 2016 deadline.

Paul Goddard highlighted that one of the College's sub-contractors did not appear on the SFA's Register of Training Organisations, therefore the College immediately reduced the value of their contract to under £100,000. Further clarification is being sought from the SFA on how to proceed whilst the organisation reapplies to the SFA's Register of Training Organisations. Two letters from the SFA were circulated and further updates will be given to the Audit Committee.

Governors noted that the College has reduced its risk in relation to subcontracting due to the College reducing its number of subcontractors.

P Whitehead thanked Paul Goddard for his approach and understanding throughout the audit as the audit was carried out during the College's Ofsted inspection.

The Audit Committee noted the internal audit report on subcontracting SFA external controls assurance.

736.3 Internal Audit Progress Report

The Audit Committee received and considered the Internal Audit Risk and Assurance Progress Report presented by Paul Goddard from Scrutton Bland.

Governors noted that three internal audit reports have been finalised, with a further two audits having been undertaken. Dates for the remaining audits have been agreed with the exception of risk management which needs to be confirmed. Governors also noted that risk appetite training is to be agreed with Scrutton Bland and a date set for this training.

Governors asked for the finalised reports to be circulated to Audit Committee members once they are finalised rather than waiting until the next Audit Committee meeting on 21 June 2016.

The Audit Committee noted the Internal Audit Risk and Assurance Progress Report.

737 Internal Audit Tracker

The Audit Committee received and considered the Audit Tracker, presented by M Stokes, 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.

Governors noted that the shaded recommendations have been actioned and will be removed from the Audit Tracker.

The outstanding recommendations were discussed and Governors noted that the disaster recovery plan will be finalised by the next Audit Committee meeting.

The new recommendations from the Governance audit were noted.

The Audit Committee approved the audit tracker.

738 Risk Register

The Audit Committee received and reviewed the Risk Register, presented by M Stokes, Deputy Principal.

Governors noted that all risks are reviewed by the College's Executive on a monthly basis and noted the following amendments since the last Audit Committee meeting.

Governors noted that major theft of College financial assets has been removed from the risk register as adequate controls are in place and incidents of attempted fraud are reported to the Audit Committee annually. A new risk concerning VAT liability has been added to the risk register with a risk score of 10.

Two risks have been revised and their risk score increased. Seven risks have been revised and their risk score decreased. Governors also noted that the College's top three risks relate to funding.

Governors noted the proposal to alter the risk score of 10 from red to amber and the proposed amendments to the Risk Management Policy were highlighted by M Stokes.

The Audit Committee approved the risk register and amendments to the Risk Management Policy.

739 Any Other Business

There were no items of any other business.

740 Dates of Future Meetings

Summer Term	Tuesday 21 June 2016	08.30am
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