

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Wednesday 03 December 2014

Membership	*Paul Bartlett (Chair) Neil Allen *D Palmer *M Prodger
*denotes present	*P Whitehead
In attendance	M Smith, Scrutton Bland H Catchpool, Baker Tilly K Spencer, Harlow College P Marsh, Harlow College M Stokes, Harlow College D Morgan, Harlow College M Coleman, Governor D Sheridan, Clerk to the Corporation R Lucas, Deputy Clerk to the Corporation

670 Apologies for Absence

Apologies were received and accepted from N Allen.

671 Declarations of Interest

P Whitehead declared an interest in agenda item 675 – Audit Tracker as the audit report and a number of items in the tracker fall under his remit.

672 Minutes of the Previous Meeting

The minutes of the meeting held on 08 October 2014 were agreed as an accurate record of the meeting and were signed by the Chair.

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

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

The Audit Committee received guidance on value for money produced by the Higher Education Funding Council which had been provided by T Sharman at Scrutton Bland following the last Audit Committee meeting.

Governors noted that the Audit Committee will be required to make a statement on value for money for 2014/15 and currently there is no guidance on this for further education colleges.

The Audit Committee agreed that a value for money statement should be included in the College's procurement policy.

The Audit Committee noted the paper and thanked T Sharman for circulating it.

674 Internal Audit Risk and Assurance Progress Report

The Audit Committee received and considered the Internal Audit Risk and Assurance Progress Report presented by M Smith, Scrutton Bland.

Governors noted that two audits have been completed and draft audit reports have been issued. M Smith highlighted that the audits had found nothing significant to note and that low recommendations have been proposed which are linked to areas of improvement. Governors noted that there was nothing had arisen that should concern the Audit Committee.

Governors noted the schedule of audits for 2014/15 as detailed on page five of the report.

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

675 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 amendments are being made to the Fraud and Corruption Policy and the key financial controls work is on-going.

M Smith, Scrutton Bland, reported that the audit tracker is presented in a very clear format and that progress is being made towards implementing the recommendations, with the target dates not slipping significantly.

The Audit Committee approved the audit tracker.

676 Financial Regulations

The Audit Committee received and considered the report on the Financial Regulations, presented by M Stokes, Deputy Principal.

Governors noted that the Financial Regulations were presented to the Corporation at its meeting on 3 July 2014.

Governors noted the following proposed amendments:

- Responsibility for the Financial Regulations be changed to M Stokes;
- References to APEX be replaced with “partners”;
- Changes to the process for the use of Principal’s exemptions.

The Audit Committee approved the proposed amendments and the revised version of the Financial Regulations.

677 Risk Register

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 that some changes have been made to the register following on from discussions with Scrutton Bland, the Audit Committee and the Executive.

Risks have been renumbered and the highest scoring risk is now risk 1. The risk number is therefore not fixed to the risk and the risk number will change if the risk goes up or down on the register.

Additional descriptors have been added in and it has been proposed that each risk has two scores – a gross risk score (score before the risk has been treated) and a net risk score (score after the risk has been treated.)

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

- There are 27 risks on the register.
- No risks have been removed.
- Two new risks have been added – risk 13 – failure to capitalise on developing partnerships and risk 18 – arrangements for SEN and disability funding.
- Risk 5 – bank loans / covenants – the risk controls measures have been updated.
- Risk 14 – safeguarding has been made more explicit and the risk control measures have been updated.
- Risk 12 – maintaining a continuous culture of improvement now includes meeting the conditions of funding for English and maths.
- Risk 20 – protection of the College’s assets now includes reference to a wider range of assets than just cash.
- Risk 23 – loss of critical parts of IT network or infrastructure now covers a wider range.
- The current highest risks are risk 1 – failure of learners/partners to achieve required performance, risk 2 – academic fraud and risk 3 – failure to recruit to the College’s Higher Education target. All these risks score 16.
- The next highest risks are risk 4 – government selects a policy counter to

the strategic direction of the College, risk 5 – bank loans and meeting the covenants and risk 6 - achievement of the adult learner responsive income target. All these risks score 15.

A discussion was held around the SEN funding and K Spencer and P Whitehead updated governors on the issues that the College had experienced with this and what is being done to ensure that the College will claim the full amount from now onwards.

The Audit Committee approved the risk register.

678 Fraud and Corruption Policy

The Audit Committee received and considered the Fraud and Corruption Policy presented by P Marsh, Deputy Principal.

The following changes have been made to the policy:

- 2.1 – a definition of fraud and corruption has been added in;
- 2.2 – a definition of honest, dishonest and intentional has been in;
- The policy has been put into the College’s “house” style;
- The policy will now be part of the College’s review process of its policies;

The Audit Committee approved the Fraud and Corruption Policy, however governors requested that the policy should be renamed the Anti-Fraud and Corruption Policy and the Bribery Policy in the Financial Regulations should be renamed the Anti-Bribery Policy.

679 Any Other Business

There were no items of any other business.

680 Dates of Future Meetings

Spring Term	Tuesday 03 March 2015	08.30am
Summer Term	Tuesday 16 June 2015	08.30am