

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Thursday 3 December 2015

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

*denotes present

In attendance P Goddard, Scrutton Bland
 H Catchpool, RSM UK
 M Stokes, Deputy Principal
 L Turner, Deputy Principal
 A Phillips, Executive Director – Finance
 D Sheridan, Clerk to the Corporation
 R Lucas, Deputy Clerk to the Corporation

717 Apologies for Absence

Apologies were received from Nick Cattini from RSM UK.

718 Declarations of Interest

There were no additional declarations of interest.

719 Minutes of the Previous Meeting

The minutes of the meeting held on 13 October 2015 were agreed as an accurate record of the meeting and were signed by the Chair.

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

720.1 Sub-Contracts in Excess of £100,000 (minute 713 refers)

The Audit Committee noted that a quote from Scrutton Bland for the sub-contracts audit had been received and accepted by the College. This work will be undertaken alongside the internal audits being carried out by Scrutton Bland.

721 Internal Audit Reports

721.1 Governance

The Audit Committee received and considered the internal audit report on governance presented by Paul Goddard from Scrutton Bland.

The internal audit report on governance 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 low level recommendations were made and the Committee was informed of them by Paul Goddard. The scope of the audit considered how the Corporation is responding to the FE Commissioner's letters and annual reports and how the Corporation is complying with the new Code of Good Governance for English Colleges.

Paul Goddard reported that there are clear and transparent processes in place and that levels of governor attendance are good.

The Audit Committee noted the internal audit report on governance.

721.2 Internal Audit Progress Report

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

Governors noted that the governance audit had been completed and the fieldwork for the audit on the impact of employer engagement had been undertaken. Governors noted the risk management audit scheduled for November 2015 had been postponed; otherwise the schedule of audits for 2015/16 is in line with the internal audit plan agreed by the Audit Committee, with the addition of the sub-contractor audit as detailed in section 721.1 above.

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

722 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.

A discussion was held around the tracker and Governors noted that a number of items on the audit tracker have been removed as the recommendations have been implemented. Some outstanding recommendation implementation dates have been revised; four are due to be completed by the end of this term with a further five before the next meeting of the Audit Committee. A number of outstanding recommendations concerned IT and M Stokes confirmed that those responsible for this area are prioritising actions.

The Audit Committee agreed that job titles should be included on the tracker rather than individual names.

The Audit Committee approved the audit tracker.

723 Annual Report of the Audit Committee 2014/15

The Audit and Resources Committees received and considered the Annual Report of the Audit Committee 2014/15.

The Clerk reminded the Committee that the Annual Report, which is written every year, is required by the Joint Audit Code of Practice (JACOP) and must be made annually to the Corporation. The report has increased in significance and is now submitted as part of the annual accounts to the funding body. The Audit Committee needs to produce an opinion on:

- Its own effectiveness;
- How it has fulfilled its terms of reference;
- The adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk management and control, and its process for securing economy, efficiency and effectiveness.

The annual report contained the following sections: introduction, membership of the Committee; meetings in the period and attendance; terms of reference of the committee; the internal audit service; review of reports of the internal audit service; review of external audit; reports from the Skills Funding Agency; actions in response to key recommendations arising from audit; other independent assurance; proposed audit committee opinion and resolution.

These sections were discussed and governors noted the following:

- Conclusions still need to be drawn in sections 7 and 11 as the final audit findings report has not yet been received by the College.
- The surplus figure in section 7 needs to be updated.
- The statement on page 7 "*had adequate and effective key financial controls*" will be amended to "*had adequate and effective key internal controls.*"
- Disclosures required by JACOP concerning value for money and fraud and irregularity will be referred to.
- The name at the end of the report will be amended to say "*Chair of the Audit Committee*".

The Committee agreed the following draft opinion of the Audit Committee:

"It is the opinion of the Audit Committee, based on the reports it has received and considered, and drawing upon the knowledge and expertise of its members and its audit services, supported by the work and views of College management, that during 2014-15 Harlow College:

- *had adequate and effective systems of governance;*
- *had adequate and effective risk management systems;*
- *had adequate arrangements for securing economy, efficiency and effectiveness;*
- *had adequate and effective key internal controls;*
- *had, overall, systems and controls that are adequate and effective for carrying forward the objectives of the college.*

The Audit Committee considers that it operated effectively in 2014-2015 and that it met its terms of reference and the joint audit code of practice."

The Audit Committee approved the draft report, subject to the amendments above, however agreed to hold a short Audit Committee meeting before the Corporation

meeting on 10 December 2015 to approve the final report before recommending it to the Corporation.

724 Risk Register

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

Governors noted that the risk due for review had been reviewed by the Executive and their scores had remained the same. Risk 1 relating to Government funding policy remains the highest risk. Whilst the Comprehensive Spending Review was not as severe as initially thought for the sector, further detail is not yet known which could have a significant effect on the College.

The Audit Committee agreed to add in the words “*free school*” to Risk 4 – competition from other colleges and training providers – as there is currently a proposal for a new free school in Harlow.

The Audit Committee approved the risk register.

725 Any Other Business

There were no items of any other business.

726 Dates of Future Meetings

Spring Term	Tuesday 01 March 2016	08.30am
Summer Term	Tuesday 21 June 2016	08.30am

Following this joint meeting the Audit Committee met privately with RSM UK, external auditors, and Scrutton Bland, internal auditors. No staff were present at this meeting.