

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Tuesday 4 March 2014

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

636 Apologies for Absence

Apologies for absence were received from N Allen and H Catchpool, Baker Tilly.

637 Declarations of Interest

P Whitehead declared an interest in agenda item 640.2 – Data Security Internal Audit Report – as he was involved in producing the management responses.

638 Minutes of the Previous Meeting

The minutes of the previous meeting held on 4 December 2013 were agreed as an accurate record of the meeting, subject to a few minor amendments.

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

639.1 Joint Tenants (minute 628.1 refers)

Contact has been made with Baker Tilly about the inter-company debt between the joint tenants, however this needs to be progressed further.

639.2 Value for Money and Procurement Policy (minute 627 & 618 refers)

The Value for Money Policy will be looked at once the Procurement Policy has been updated.

640 Internal Audit Reports

640.1 Academic Fraud

The Audit Committee received and considered the internal audit report presented by D Harris from Baker Tilly on academic fraud. Governors

noted that this audit was undertaken in an advisory capacity, therefore no assurance opinion has been given.

Three low priority recommendations have been made and D Harris confirmed that the control framework is well designed, with only one minor incident of non-compliance.

P Marsh confirmed that the College had previously brought in Edexcel and other consultants to verify the accuracy of the College's assessment processes.

The Audit Committee approved the internal audit report on academic fraud.

640.2 Data Security

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

D Harris confirmed that the amber/red opinion given is a positive opinion and highlighted the weaknesses in the design of, application of and compliance with the control framework.

Three medium priority and two low priority recommendations have been made and Governors noted that Baker Tilly often make a number of recommendations with this type of audit. Governors noted the risks to the College should data security fail.

The Audit Committee approved the internal audit report on data security.

640.3 Risk Management

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

No recommendations have been made and D Harris confirmed that the four recommendations from the 2012/13 risk management audit have all been fully implemented.

The Committee agreed that sources of assurances from internal audits should be added to and mapped against the risk register, as suggested by D Harris.

The Audit Committee approved the internal audit report on risk management.

640.4 Internal Audit Progress Report

The Audit Committee received and considered the Internal Audit Progress Report presented by D Harris from Baker Tilly. Three internal audits have been completed and reports finalised.

D Harris provided the Committee with an update on how Baker Tilly could continue to provide both internal and external audit services to the College.

D Harris confirmed that the remaining audits on the audit plan can be completed and assurance opinions provided. The only audit which could not be completed is Key Financial Controls. The Audit Committee would still receive an Internal Audit Annual Report produced by Baker Tilly however no overall opinion or conclusions around governance, risk and control management will be provided within the report. The Audit Committee would have to draw its own opinion on this, based on the audit reports received in-year.

There has been lengthy discussion internally at Baker Tilly about what could and could not be provided in terms of internal audit services and the external audit partner has confirmed that it is possible for Baker Tilly to provide both services. It is possible for the external audit team to deliver the Key Financial Controls audit and for this year there would be no additional cost. The financial management audit will be an internal audit looking at budget setting and budgetary control.

The Committee was reminded that under the Joint Audit Code of Practice it is the Audit Committee's responsibility to provide an opinion at year-end.

The Audit Committee noted the paper.

641 Audit Tracker

The Audit Committee considered the Audit Tracker, presented by P Marsh, Vice-Principal. Governors noted that the tracker contains outstanding recommendations arising from internal audits carried out in the current academic year and previous academic years and the recommendations of external audit. P Marsh also confirmed that all audit recommendations received by the College from all sources will be added to the tracker.

There are currently no high level recommendations on the tracker. It does contain eight medium and seven low recommendations. P Marsh explained the process of assigning recommendations to managers and how they are followed up on regularly.

The following comments were made by the Committee:

- Page 1 – Key Financial Controls – remove “from Feb 13” in the manager responsible column.

- Page 3 – IT Disaster Recovery and Business Continuity Planning – recommendation 3.1 – P Marsh to rephrase the management comment.
- Page 3 – IT Disaster Recovery and Business Continuity Planning – recommendation 3.3 – the date needs to be revised.

The Audit Committee approved the audit tracker.

642 Risk Register

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

P Marsh informed the Committee that there are nine low, seven medium and eleven high risks, however there are currently no intolerable risks. There are no entirely new risks, however risk 20 – capital projects over £100k are not managed effectively – has been split into two. Risk 20 remains as originally stated, however risk 8 relates specifically to the UTC.

The highest risks are risk 27 – the bank calling in the loans, risk 1 – the Government selects a funding policy for FE which runs counter to the College’s strategic direction and risk 4 – failure to recruit sufficient 16 – 18 apprentices.

Risk 2 – academy teams failing to achieve the required performance, risk 3 – the College fails to recruit to its HE target and risk 10 – not recruiting to 19+ ALR target are all significant risks to the College.

A detailed discussion was held around the risk register and the Committee recommended the following:

- Risk 27 – the bank calling in loans – amend the wording for the risk control measure and source of assurances;
- Risk 16 – loss of one or more block of accommodation – add in the assurance level provided in the internal audit report;
- Risk 7 – team of staff or individual engages in academic fraud – update with information from the latest audit report and the internal lines of assurances;
- KPIs could give assurances on some risks;
- Data security should be added in as a risk, following on from the data security internal audit recently undertaken.

The Audit Committee approved the Risk Register, subject to the amendments outlined above.

643 External and Internal Audit at Harlow College – Confidential Item

The Audit Committee received and considered the report on external and internal audit at Harlow College, presented by D Sheridan, Clerk to the Corporation.

The Audit Committee noted the presented paper and agreed the actions outlined in the report.

644 Any Other Business

D Sheridan circulated information on a Baker Tilly event taking place on 2 April 2014.

645 Dates of Future Meetings

Summer Term	Tuesday 17 June 2014	08.30am
-------------	----------------------	---------