

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Tuesday 04 October 2016

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

757 Apologies for Absence

Apologies for absence were received from N Allen and N Cattini, RSM UK.

758 Declarations of Interest

P Whitehead declared an interest in agenda item 761.2 – Employer Engagement and Income Diversification Internal Audit report – due to being the audit sponsor, and agenda item 764 – Risk Management – due to being involved in the Executive's review of the risk matrix.

759 Minutes of the Previous Meeting

The minutes and the confidential minutes of the Audit Committee meeting held on 21 June 2016 were agreed as an accurate record of the meeting, subject to one typographic change on page 2, and were signed by the Chair.

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

760.1 Internal Audit Report – Impact of Employer Engagement (minutes 746.1 and 736.1 refer)

P Bartlett asked whether two targets had been set – one for learner numbers and one for income. M Stokes informed the Committee that none-core income and student number targets are currently being set with teams now that full-time enrolment has finished.

760.2 Internal Audit Report – Subcontracting SFA External Controls Assurance (minutes 746.2 and 736.2 refer)

The Audit Committee were informed that Academy of Learning are now on the SFA's Register of Training Organisations.

760.3 Internal Audit Tracker (minutes 746.3 and 737 refer)

M Stokes confirmed that the Disaster Recovery Plan was presented to the Corporation on 14 July 2016.

760.4 Key Financial Controls (minute 747.1 refers)

P Bartlett asked if a contracts list had been produced. D Morgan and the finance team are considering this. P Goddard offered to meet with D Morgan to share examples of good practice from other colleges.

760.5 External Audit Strategy (minute 751 refers)

P Bartlett asked if the revaluation of the campus had been undertaken. D Morgan confirmed that it had and the College is considering its impact on the annual accounts. The auditors have confirmed that they are content with the College deciding how, providing the outcome complies with audit and finance law.

761 Internal Audit Reports

761.1 Capital Projects

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

The internal audit report on capital projects provided Governors with significant assurance that the governance, risk management and control arrangements for the material risks reviewed are managed effectively. Governors noted that one low level recommendation had been made and that the recommendation had been accepted by Harlow College.

Paul Goddard reported that the audit focused on the Advanced Manufacturing Centre (AMC) costs and timeline. He reported that the costs were still in budget and that the building timescale had slipped by just two weeks. M Stokes reported that the contractor is now ahead of schedule. Governors noted that it is best practice that contracts are signed by all relevant parties before work commences, however they understand why this had not happened with the AMC.

Paul Goddard reported that the scheme is being project managed well by the College, led by Will Allanson, Executive Director – Business Development.

The Audit Committee noted the internal audit report on capital projects.

761.2 Employer Engagement – Income Diversification

The Audit Committee received and considered the internal audit report on employer engagement – income diversification, presented by Paul Goddard from Scrutton Bland.

The internal audit report on employer engagement – income diversification

provided Governors with reasonable assurance that the governance, risk management and control arrangements for the material risks reviewed are managed effectively. Governors noted that one medium level recommendation and four low level recommendations had been made and that the recommendations had been accepted by Harlow College.

Paul Goddard explained the findings and recommendations resulting from the audit and reported on two mystery shopper exercises – one by email which was dealt with promptly and as expected, and the other by phone which the College had not yet responded to. M Stokes reported that there are some organisational changes that will help to address these issues and P Whitehead informed Governors that the phone number is linked to a wider group of people.

P Bartlett asked how the income target is tracked and reported back to Governors. It was confirmed that there is a line in the management accounts for “other income”. The Audit Committee requested that this is broken down in more detail in the management accounts. M Stokes confirmed that this target is made up on project income and full cost work combined however by providing more information, the College and Governors will be able to see where the College is doing well.

P Whitehead confirmed that tracking for new projects will be centralised within the MIS team, making it easier for the income to be reported into the management accounts.

The Audit Committee noted the internal audit report on employer engagement – income diversification.

761.3 Internal Audit Annual Report

The Audit Committee received and considered the internal audit annual report for 2015-2016 presented by Paul Goddard from Scrutton Bland.

Eight assignments were delivered throughout the year, six of which gave significant assurance and two of which gave reasonable assurance. 25 recommendations were made in total throughout the year, five of which were medium priority and twenty were low priority. Three added value points were made. There were no high priority recommendations.

Governors noted the following opinion as stated in Scrutton Bland’s Annual Report:

“In our opinion, for the year ended 31 July 2016 the College:-

- has adequate and effective risk management processes;*
- has adequate and effective governance processes;*
- has adequate and effective control processes and*
- has adequate and effective efficiency, effectiveness and economy processes.*

to manage its achievement of the College’s objectives.”

P Goddard highlighted Scrutton Bland's performance indicators and the sector benchmarking graphs. He thanked Harlow College management for their support throughout the year.

The Audit Committee approved the Internal Audit Annual Report for 2015-2016.

761.4 Risk and Assurance 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 one internal audit had been completed and one is currently being undertaken. The Audit Committee reviewed the audit plan for 2016-2017 and agreed that the proposed audits were still relevant.

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

761.5 Apprenticeship Levy and Sector Updates

The Audit Committee received and noted the apprenticeship levy and sector updates presented by Paul Goddard from Scrutton Bland. P Bartlett asked if the College is targeting employers. M Stokes confirmed that this was happening under the leadership of W Allanson, Executive Director – Business Development.

762 Regularity Audit

The Audit Committee received and considered the report on the Regularity Audit presented by D Sheridan, Clerk to the Corporation.

The Clerk informed Governors that the Regularity Audit is part of the external audit process and is signed by the Accounting Officer and Chair of Governors. The self-assessment questionnaire forms part of the Regularity Audit and is set nationally, forming part of the Joint Audit Code of Practice.

The Audit Committee considered and reviewed the proposed responses contained within the questionnaire.

The Audit Committee approved the Regularity Audit for signature by the Accounting Officer and Chair of Governors.

763 Audit Tracker

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

Governors noted that the format of the tracker had been updated and the process streamlined. The tracker still 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 actioned recommendations will be removed from the Tracker. The colour coding key was highlighted, with red being limited progress, yellow being neutral / on track and green being completed / significant progress.

Governors' attention was brought to recommendation number 1 and M Stokes confirmed that the Information Security Policy will be presented at the joint Audit and Resources Committee meeting on 1 December 2016.

Governors commented that the new format worked well and the information was clearly presented. The Audit Committee approved the audit tracker.

764 Risk Management

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 discussed changes since the last Audit Committee meeting. Governors noted the highest risk regarding failure to recruit to the College's HE target and its impact. M Stokes highlighted how the college budget would be adversely affected.

Two new risks added to the risk register were discussed: Risk 13 – i-pad rollout and Risk 16 – not securing a satisfactory rating in the HE QAA Review. One risk has been deleted – Business Continuity and Disaster Management procedures.

Three risks have been revised, one of which had an increased risk score and the other two had a decreased risk score, and one risk has been amalgamated. These risks were highlighted by M Stokes.

The Audit Committee approved the risk register.

765 Annual Fraud Report

The Audit Committee noted that there had been no attempts of financial fraud against the College since the last Audit Committee meeting.

766 Any Other Business

There were no items of any other business.

767 Dates of Future Meetings

The next meeting of the Audit Committee will take place on Thursday 1 December 2016 at 8.30am. This will be a joint meeting with the Resources Committee.

Future meeting dates:

Spring Term	28 February 2017	08.30am
Summer Term	20 June 2017	08.30am