

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Tuesday 5 October 2010

Membership: *M Ray (Chair)
 *M A-Messaoud
 P Bartlett
 V Goddard
 *P Taylor

**Denotes present*

In attendance: R Allanach, Deputy Principal
 D Harris, RSM Tenon
 S Young, Deputy Principal
 D Sheridan, Clerk to the Corporation

459 Apologies for absence

Apologies were received from Paul Bartlett.

460 Minutes of the previous meeting

The minutes of the meeting held on 22 June 2010 were approved as a correct record.

461 Matters arising from the minutes (not mentioned elsewhere on the agenda)

461.1 Internal Audit Plan 2010/11 (Minute 454 refers)

Richard Allanach informed the Committee that the scope of the Internal Audit Plan had been amended to include additional requirements from the college regarding an audit of Learner Records for 2009/10 but the detail of this work had yet to be agreed with RSM Tenon.

462 Internal Audit Reports

462.1 Payroll

The Committee noted that this report had already been considered.

462.2 Assets and Inventories

The Committee noted that this report had already been considered.

462.3 Health and Safety

The Audit Committee received and considered the internal audit report on Health and Safety which gives adequate assurance that the controls are effective.

Dan Harris informed the Committee that two of the four significant recommendations contained in the report had already been identified and acted upon by the college. Sue Young confirmed the recommendations were in process of being implemented with policy reviews underway. The Risk Assessment log updated and procedures for contractors addressed. An annual report on Health and Safety will be made to the Corporation on 21 October 2010.

462.4 Risk Management

The Audit Committee received the internal audit report in Risk Management, which Governors noted, gives substantial assurance.

In discussion, the Committee agreed that the risk register had undergone significant updating reflecting the new approach to risk management in the college. Governors agreed that there was greater review and analysis of risk now and asked that managers maintain records to demonstrate how and when this was taking place.

The Audit Committee agreed the changes to the Risk Register and Risk Policy outlined in the report. Richard Allanach confirmed that this would be done and put to the Audit Committee and Corporation for approval.

462.5 Organisational Performance Management – thematic review

The Audit Committee received the internal audit thematic review on Organisational Performance Management. Governors noted that this report was not graded as other reports as it is advisory but that a number of assurances were contained within the conclusion:

Mandate: The College has clearly defined objectives that work towards a common future vision with regards to culture and standards.

Monitor: The KPI framework allows for the active monitoring of the College's performance at a strategic level.

Measure: the performance of KPIs within the high-level framework allow ongoing measurement of the College's activity against profiled targets.

Manage: there is a challenge process in place to highlight and question areas of weakness. This involves Governor in-put where appropriate and includes action planning to stabilise performance across College areas and across academic years.

Governors discussed the recommendations arising from the review and Richard Allanach confirmed that the College Executive had identified a number of actions for implementation. The Committee reviewed and discussed the responses to the survey, in particular those where respondents disagreed with the question. Governors noted it was not possible to identify how many of the respondents were managers and governors. The Committee agreed that the thematic review be presented to

the Corporation on 21 October 2010 to enable a discussion of the survey and the audit findings. In particular the Committee wished to discuss whether the survey should be repeated at other points in the year and what could be done to address issues raised by the survey.

The Committee noted the auditor's observation of the meeting of the Corporation on 15 July 2010 and agreed also to report this to the next meeting of the Governors.

462.6 Every Citizen Matters / Safeguarding Follow Up Audit

The Audit Committee received and considered the Every Citizen Matters / Safeguarding follow up audit which stated that Harlow College has demonstrated good progress in implementing all actions agreed to address internal audit recommendations. There were no fundamental or significant recommendations that were receiving inadequate management attention.

Governors discussed the recommendation of the report concerning contractors and frequent visitors to the site. After discussion, Governors agreed they were content with what was in place but required assurance that controls put in place were monitored and tested by the College and that there would be evidence to demonstrate this. The Clerk agreed to speak to Nick Spenceley to ensure that this was undertaken.

462.7 Training and Development

The Audit Committee received and considered the internal audit report on Training and Development which gave adequate assurance. Governors reviewed the recommendations of the report and asked that the College implement processes to address the significant recommendations regarding appraisals and record keeping.

462.8 Follow-up of Previous Internal Audit Recommendations

The Audit Committee received and considered the Follow-up of Previous Internal Audit Recommendations audit which stated that Harlow College has demonstrated reasonable progress in implementing actions agreed to address internal audit recommendations. There were no fundamental or significant recommendations that were receiving inadequate management attention.

The Committee noted that all actions bar one were in process of implementation. One action concerning a student database was being addressed by the main UNIT-E software.

463 Risk Register

The Audit Committee received and considered the paper on the Risk Register. Richard Allanach corrected the section Resource Implications to read "Failure to identify and then mitigate risks to which the college is exposed is likely in the long term to reduce the *resources* available to the College."

Governors noted that the risk register had been amended by the College Executive. Two risks had been removed:

Risk A: “a significant reduction in the college’s Train to Gain funding” had now occurred and the APEX team was now managing the consequences.

Risk Y: “the SFA does not make good its promises regarding 2009/10 apprenticeship funding” has been removed as the SFA did make good its commitments.

A new risk “the college fails to recruit sufficient 16-18 apprentices” has been added to the register and has the highest net risk score. Governors noted that activities had been put in place to mitigate this risk.

In reviewing the register, Governors did not identify any significant risks that were missing.

Dan Harris reported to Governors on how RSM Tenon would undertake the audit of risk in 2010/11. This would include sampling a number of risks, speaking to the ‘risk owners’ to identify those things that are giving assurance that the risk will not manifest itself and monitoring diminishing risk scores.

The Audit Committee thanked Richard Allanach for his report.

464 Financial Management and Control Evaluation

The Audit Committee received and considered Richard Allanach’s report and recommendations on completing the Financial Management and Control Evaluation.

The Committee agreed that the Executive should complete the long form FMCE. It was agreed that this should be discussed at a meeting of the Audit Committee to take place before the meeting of the Corporation on 21 October 2010 to allow the recommendation of the Committee to be considered by the Corporation later that morning.

465 APEX Provider Financial Performance Audit Report by SRF Consultancy Ltd May 2010

The Audit Committee received and considered the outcomes of the audit by SRF Ltd and the management responses which was presented by Sue Young.

The Committee noted the scope of SRF’s responsibilities with the APEX consortium in providing audits of financial and learner records as well as health and safety, quality improvements and training support. Governors noted that SRF had been retained since 2005-06 and that the company audited all Employer Responsive (formerly known as Work Based Learning) funding streams. Sue Young explained that the level of audit for different APEX partners depended on the risk rating of each partner contract. Reports made by SRF were considered at the monthly management review of the APEX partners.

The Audit Committee had identified the significant risk facing the College from the high level of partnership activity in terms of finance and reputation. Governors

agreed that the scope of SRF's activities was appropriate to the level of risk faced.

The Audit Committee accepted the Annual Report by SFR Consultancy Ltd and endorsed their continued appointment as auditors for the APEX Partnership.

466 Confidential Item – regarding shared services

467 Any other business

There was no other business.

468 Dates of future meetings:

Autumn Term 2010	Wednesday 8 December 2010	8.30am
Spring Term 2011	Wednesday 30 March or 6 April	8.30am
Summer Term 2011	Tuesday 21 June 2011	8.30am