

# HARLOW COLLEGE FURTHER EDUCATION CORPORATION

## AUDIT COMMITTEE

### Minutes of the meeting held on 13 March 2015

Membership	*Paul Bartlett (Chair) *Neil Allen Tony Durcan *Debbie Palmer
*denotes present	*Paul Whitehead
In attendance	Paul Marsh, Deputy Principal Alan Phillips, Executive Director of Finance Teresa Sharman, Scrutton Bland Deborah Sheridan, Clerk to the Corporation

#### **681 Apologies for Absence**

Apologies were received and accepted from T Durcan, who had only recently joined the Corporation. Governors noted the M Prodger had moved to join the Standards Committee.

#### **682 Declarations of Interest**

P Whitehead declared an interest in agenda items 685.4 Learner Numbers and 686 – Audit Tracker as the audit report and a number of items in the tracker fall under his remit.

#### **683 Minutes of the Previous Meetings**

The minutes of the meeting of the Audit Committee held on 3 December 2014 were agreed as an accurate record and were signed by the Chair with the following amendments:

Date of meeting: amend to 3 December 2014

Minute 674: M Smith, not M Harris.

The minutes of the meeting of the Joint Audit and Resources Committees held on 3 December 2014 were agreed as an accurate record and were signed by the Chair.

#### **684 Matters Arising from the Minutes (not mentioned elsewhere on the agenda)**

##### **684.1 High Need Special Educational Needs Learners**

The Audit Committee funding for high needs SEN Learners and noted the increase in funding from £30,000 to £150,000.

## **685 Internal Audit Reports**

The Audit Committee considered the following Internal Audit Reports that were presented by Teresa Sharman of Scrutton Bland.

### **685.1 Governance**

The Audit Committee received and approved the Risk and Assurance Report on Governance (Fraud Framework) which gave significant assurance.

Governors discussed the auditor's five low level recommendations that would further improve controls. The Deputy Principal reported that recommendations regarding the Anti-Fraud and Corruption Policy and Anti-Bribery Policy were accepted and that some had already been implemented.

Governors agreed that an annual report on fraudulent activity (including attempted and successful frauds) be made to the next meeting of the Committee and to the June meetings henceforth. This would help the Committee set the threshold for individual instances of fraud (including attempted and successful frauds) to be reported individually at the next available meeting. A standing item would be added to each Audit Committee agenda to enable the Executive Director of Finance to report whether or not any frauds had been perpetrated since the Committee last met.

The Committee briefly discussed fraud prevention methods used by the College and noted that all bank transactions are inspected daily.

### **685.2 Risk Management**

The Audit Committee received and approved the Risk and Assurance Report on Risk Management which gave significant assurance and the responses of managers.

Governors considered the auditor's four low level recommendations, with wide ranging discussion on the issue of risk appetite. It was agreed that Teresa Sharman should provide Paul Marsh with examples of risk appetite statements and how they were set by Corporations. These would then be considered by the Audit Committee with a recommendation to the Corporation when it considers the Risk Management Policy in July 2015.

### **685.3 Strategic Planning**

The Audit Committee received and approved the Risk and Assurance Report on Strategic Planning which gave significant assurance and the responses of managers.

The Committee noted that the strategic planning meeting would take place in the Summer Term and would address some of the audit issues.

#### **685.4 Learner Records**

The Audit Committee received and approved the Risk and Assurance Report on Learner Records which gave significant assurance and identified a point of best practice.

Governors discussed the auditor's three low level recommendations that would further improve controls. The Committee noted that the audit covered sub-contracted provision and included visits to two partner premises.

#### **685.5 Internal Audit Progress Report**

The Audit Committee received and noted the Internal Audit Progress Report.

#### **686 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 and external audits.

The Committee asked that the outstanding action in 7 12/13 Key Financial Controls 1.4 General Ledger be completed.

The Audit Committee approved the audit tracker.

#### **687 Risk Register**

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

The Deputy Principal highlighted key changes to the register: greater level of detail included, an arrow to indicate whether individual risks were increasing, decreasing or remaining the same and a date by when each risk must be reviewed.

Governors noted the report of the Deputy Principal which identified risks deleted from the register, risks added to the register and revisions to risks. The highest risks facing the College are: risk 1 - financial impact of failing to hit our HE target, risk 2 - Government policy running counter to the strategic objectives of the College, risk 3 - failure to recruit to our apprenticeship targets, risk 4 - failure to meet the condition of funding to deliver English and maths.

The Audit Committee asked that the risks associated with the forthcoming capital project be added to the risk register where appropriate.

The Audit Committee asked the Executive to consider adding in a column for 'net risk', that is the overall risk score when the risk mitigation actions were taken into account, which could adjust the position of some risks on the register and to report back to a future meeting.

## **688 Any Other Business**

Alan Phillips, Executive Director of Finance, reminded the Committee that the College was about to start to set budgets for 2015/16. Some stringent cuts have to be made to reflect the future funding levels and that these will affect expenditure in all areas. The internal audit plan for 2015/16 would be affected by this.

## **680 Dates of Future Meetings**

Summer Term	Tuesday 16 June 2015	08.30am
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