

# HARLOW COLLEGE FURTHER EDUCATION CORPORATION

## AUDIT COMMITTEE

### Minutes of the meeting held on Monday 16 June 2014

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

#### **646 Apologies for Absence**

There were no apologies for absence.

#### **647 Declarations of Interest**

P Whitehead declared an interest in agenda item 651 – Audit Tracker as a number of items in the track fall under his remit.

#### **648 Minutes of the Previous Meeting**

The minutes of the meeting held on 4 March 2014 were agreed as an accurate record of the meeting and were signed by the Chair.

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

##### **649.1 Joint Tenants (minute 639.1 and 628.1 refer)**

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

##### **649.2 Value for Money and Procurement Policy (minute 639.2, 627 & 618 refer)**

The College has been waiting to receive a copy of a policy used by another college which is seen by Baker Tilly as a model of good practice. This has now been received and can now be progressed.

### **649.3 External and Internal Audit at Harlow College (minute 643 refers)**

The Committee noted that the recommendations of the SRF audit of leaner records against funding rules for apprenticeships have now been included

## **650 Internal Audit Reports**

### **650.1 Governance**

The Audit Committee received and considered the internal audit report presented by D Harris from Baker Tilly on governance. Governors noted that this audit was undertaken in an advisory capacity, therefore no formal assurance opinion has been provided.

Governors noted the areas which were reviewed as part of the audit and that three advisory recommendations have been made.

A request was made that the wording in recommendation 2.1a and 2.1b be changed from “budgeted figures” to “figures in the budget”. D Harris confirmed that this alteration would be made and the final report would be reissued.

The Audit Committee approved the internal audit report on governance subject to the amendment above.

### **650.2 Follow Up of Previous Internal Audit Recommendations**

The Audit Committee received and considered the internal audit report presented by D Harris from Baker Tilly on the follow up of previous internal audit recommendations which demonstrated to governors that adequate progress has been made in implementing actions agreed to address internal audit recommendations.

Governors noted the implementation status of recommendations by category and noted that one recommendation had been removed for the audit tracker which had not yet been implemented. This has now been reinstated.

D Harris confirmed that the College has a good process and procedure for tracking audit recommendations.

The Audit Committee approved the internal audit report on the follow up of previous internal audit recommendations.

### **650.3 Safeguarding**

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

Three medium priority recommendations and one low priority recommendations have been made and these recommendations were discussed by governors and D Harris.

The Audit Committee approved the internal audit report on safeguarding.

#### **650.4 Financial Management**

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

Governors noted the areas which were reviewed as part of the audit and that one medium priority recommendation and two low priority recommendations have been made.

The recommendations were discussed by governors and D Harris and governors asked when the financial regulations would be updated. The review of financial regulations normally takes place at the beginning of each academic year.

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

#### **650.5 Internal Audit Progress Report**

The Audit Committee received and considered the Internal Audit Progress Report presented by D Harris from Baker Tilly.

Governors noted that seven internal audits have been completed and reports finalised.

The Audit Committee approved the internal audit progress report.

#### **651 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, 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 IT and Business Continuity Plan and governors noted that there has been a delay in the development of the plan. Governors noted that the August 2014 timescale is realistic and that there is a plan which has been substantially written, however a discussion is being held internally in the College as to how the information should be presented and whether separate implementation sheets to accompany the policy would be more beneficial. Governors requested that the dates in the tracker for this

recommendation be reviewed.

The Audit Committee approved the audit tracker.

## **652 Risk Register**

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

P Marsh informed the Committee that the register is a tool for recording significant risks and explained the process for rating risks.

A detailed discussions was held around the risk register and Governors noted the following:

- There are no intolerable risks on the register.
- Risks 34 and 8 concerning the UTC have been removed and merged into one risk and the risk rating has increased.
- A new risk has been added surrounding the bid to the South East Local Enterprise Partnership for funding for an advanced manufacturing centre in campus.

A detailed discussion was held around this and the main risks to the College, which include not having its facilities upgraded, possible impact on student recruitment, plant and machinery not being fit for purpose, difficulty in training students to the required industry standards and the loss of employers working in partnership with the College. Sources of assurances need to be added into the tracker for this risk. Governors requested that the bank should be added into the risk control measures as the project will require investment from the College as match funding.

- Risk 32 – the College failing to achieve its full cost work income target – has had its risk rating increased as some teams have not achieved their full cost work target.
- There are no new high risks to report, however P Marsh did highlight the risks which are currently categorised as high.

D Harris, Baker Tilly, highlighted that it would be useful to add in assurance levels into sources of assurance and for risk 15 it would be useful to quantify the number of staff who have undertaken the training. D Harris confirmed that the College's risk register is a positive way of identifying and recording risks.

The Audit Committee approved the risk register.

## **653 External Audit**

The Audit Committee received and considered the report on External Audit presented by N Cattini and H Catchpool from Baker Tilly. The report detailed the

proposed external audit strategy for the College for the year ending 31 July 2014 and governors noted that an initial planning meeting has been held with Harlow College and Baker Tilly from which the Audit Plan has been developed.

N Cattini highlighted the engagement objectives and timetable for the audit and then talked through section 3 – Key Risks Affecting Our Audit Plan – in detail. Governors noted that the audit will focus on and test the following areas: income recognition, pension scheme liabilities, going concern, staff costs, accommodation strategy, joint tenants, regularity review, internal audit and the finance IT system.

Governors were given the opportunity to ask questions and governors noted that external audit previously relied on the core financial controls testing undertaken by internal audit, however this is no longer possible due to Baker Tilly providing both external and internal audit.

The fees for the audit were discussed and governors noted that there is no proposed fee increase for this year's audit.

The appendices were highlighted and a paper highlighting current challenges was circulated by H Catchpool. The main points of the diagram were discussed. A wider issue of VAT was highlighted and H Catchpool offered to speak with colleagues at Baker Tilly around VAT cost sharing groups.

The Audit Committee approved the Harlow College Audit Plan for the Year Ending 31 July 2014.

#### **654 Any Other Business**

There were no items of any other business.

#### **655 Dates of Future Meetings**

A calendar of meetings was circulated and D Sheridan informed the Committee that the College is looking to involve governors more in the self-assessment of the curriculum teams and service areas.

Currently the proposed dates are as follows:

Autumn Term	Tuesday 07 October 2014	08.30am
	Wednesday 03 December 2014 (joint meeting with the Resources Committee)	08.30am
Spring Term	Tuesday 03 March 2015	08.30am
Summer Term	Tuesday 16 June 2015	08.30am