

506 Internal Audit

506.1 Quality Assurance – the Student Journey to the End of Term (2.10/11)

Rachel Delara presented the report which gives substantial assurance that the controls to manage the risk are suitably designed, consistently applied and effective. She drew attention to the “At Risk of Not Succeeding” (ARONS) procedure which she identified as good practice.

The Committee approved the internal audit report entitled Quality Assurance – the Student Journey to the End of Term.

506.2 Key Financial Controls (4.10/11)

The Committee received and considered the internal audit report on Key Financial Controls which gave governors some assurance that the controls upon which the college relies are suitably designed, consistently applied and effective.

Governors noted a range of recommendations arising from the audit. Richard Allanach confirmed that a number of items had been addressed already, whilst others would require a longer implementation date. He informed the Committee that a follow-up audit will be held shortly to enable Governors to receive assurance that the findings were either addressed or in the process of being resolved.

The Audit Committee discussed the audit findings and asked that the Financial Regulations be amended to include the “waiver system” mentioned in point 1.16.

The meeting discussed issues concerning the resilience of systems in place in the college if key individuals, for whatever reason, are absent for long periods and not replaced. The Chair of Audit will raise this issue at the Corporation meeting on 7 July 2011, when the audit strategy for 2011-12 is considered.

Richard Allanach reported on how the College had used expense reduction analysts in several areas of the college but significant savings had not yet been identified.

The Audit Committee approved the internal audit report on Key Financial Controls and welcomed the opportunity for a follow-up report and the action plan it would bring.

506.3 Budget Setting and Control 7.10/11

The Audit Committee received and approved the internal audit report on Budget Setting and Control which gave substantial assurance.

506.4 Apex Partnership 6.10/11

The Audit Committee received and considered the internal audit report on the Apex Partnership which gave reasonable assurance.

Governors noted that the report contained nine recommendations, not all of

which were accepted by the college.

The meeting discussed recommendation 1.9 concerning the suitability and eligibility of partner staff delivering courses. Sue Young, Deputy Principal, confirmed that staff CRB checks are a contractual requirement. Lists of partners delivering on the contract are checked monthly to ensure their eligibility but records are kept by the partners on their premises. The Deputy Principal outlined proposals for the approval of courses, the strategic plan and tendering for health and safety/financial compliance.

The Audit Committee approved the internal audit report on the APEX partnership.

506.5 Internal Audit Progress Report

The Audit Committee received and approved the Internal Audit Progress Report which showed work completed to date. The Committee approved changes to the internal audit plan; replacing the Estates Management audit with an audit of Management Information – to take place in August 2011 – and the reallocation of time to the follow-up audit of Key Financial Controls.

506.6 Strategy for Internal Audit 2011/12 – 2014/15

The Audit Committee received and discussed the strategy for Internal Audit. Rachel Delara confirmed that the strategy had been developed following discussions with college management and taking into account the Risk Register. Richard Allanach informed the Committee that the college executive wished to make an amendment to the plan to bring forward the review of controls to prevent academic fraud. The Committee agreed this request and asked that the strategy be amended by rescheduling the audits into Information and Data Security and EMA/Bursary Fund.

With these amendments, the Audit Committee approved the strategy for Internal Audit 2011/12-2014/15 and agreed to recommend the strategy and its fees to the Corporation.

506.7 Estates Management

The Audit Committee received and considered the report of Sue Young, Deputy Principal, concerning the postponement of the internal audit of Estates Management and the reasons for this. Governors noted the current status of college buildings and proposals for some small capital works on the campus. Governors noted the report by Fusion Project Management Ltd., which provided an overview of the college campus.

Sue Young confirmed that a property strategy will be prepared, in particular in particular to meet the requirements of external audit in the Autumn Term. The Chair of Audit offered to help with the strategy's development. The Audit Committee thanked Sue Young for her report.

507 Internal Audit Tracker Report

The Audit Committee received and approved the Tracker Report.

508 External Audit Strategy

The Audit Committee received and considered the External Audit Strategy for the year ended 31 July 2011. In presenting the strategy, David Bardell for Baker Tilly confirmed that the timetable and plan had been compiled in discussion with the Principal and Richard Allanach. Governors noted the key areas of audit focus and how external audit would approach them and a range of issues arising from the audit carried out in 2010.

The Committee noted the fees for external audit.

The Clerk agreed to copy the SFR report to Baker Tilly and to circulate Baker Tilly's electronic copy of the external audit strategy to the Committee.

Baker Tilly circulated a map of current issues affecting the FE sector.

The Audit Committee approved the external audit strategy and thanked staff of Baker Tilly for their report.

509 Risk

509.1 Harlow College's Risk Appetite

The Audit Committee considered the report of Richard Allanach concerning the advice to give the Corporation on risk appetite.

After detailed consideration, the Committee decided that:

- a) it wished to continue to receive and consider the whole Risk Register at its meeting
- b) that an additional column be added to the Risk Register to indicate where there is independent assessment of the risk e.g. by internal or external audit
- c) that the 'trigger' risk score for enhanced scrutiny by the Executive and Corporation be set at a net risk score of 280. Whilst acknowledging this to be a conservative score, Governors confirmed that they did not believe that the college should be constrained but that some risks should involve the Corporation to a greater extent, to ensure alignment between the Governing Body and the College Executive.

The Audit Committee agreed to recommend this strategy to the Corporation

509.2 Risk Register

The Audit Committee received and considered the Risk Register. Richard Allanach drew Governors' attention to changes made since it was last considered. Governors noted that, in light of decisions taken under item 509.1, no risk would require enhanced engagement with the Corporation.

Governors requested that

- a. risk I be reassessed by the Executive to reflect a greater level of risk given that the Corporation approved the application to establish a UTC
- b. that risk control measures be added in to risks AR and Q
- c. that risk R be amended to read "As risk O".

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Governors also noted that Nick Spenceley could not remain responsible for the control measures for risk I.

With these amendments, the Audit Committee approved the Risk Register.

510 Fraud Assessment

The Audit Committee considered Richard Allanach's report which was written in response to a recommendation by external auditors that the college prepare a document for areas particularly susceptible to fraud.

Governors noted the main routes to fraud and the financial controls in place.

The Audit Committee approved the fraud assessment and noted that it will form the basis of an annual report.

511 Financial Regulations

511.1 The Audit Committee approved the Bribery Policy and agreed to recommend its adoption to the Corporation and that it be added to the Financial Regulations.

511.2 Draft Financial Regulations

The Audit Committee approved the draft Financial Regulations subject to the inclusion of the waiver, as requested in minute. 506.2

Governors noted that the Regulations would next be considered by the Resources Committee and suggested it be put forward for approval by the Corporation.

512 External Audit Performance Indicators

The Audit Committee received and considered the performance indicators for external audit.

Governors agreed that the response to Question 4 be amended to "yes".

The Audit Committee approved the External Audit Performance Indicators and asked Richard Allanach to raise issues identified with Baker Tilly.

513 Any Other Business

There was no other business.

514 Dates of Future Meetings

Tuesday	4 th October 2011	08:30am
Wednesday	7 th December 2011	08.30am
Tuesday	6 th March 2012	08.30am
Tuesday	19 th June 2012	08.30am