

HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Tuesday 26 June 2012

Membership: *P Bartlett (Chair)
*N Allen
M A-Messaoud
**denotes present* *M Prodger

In attendance: C Hindmarch, Principal
N Spenceley, Deputy Principal (Finance)
S Young, Deputy Principal
D Morgan, Director of Finance and Planning
P Marsh, Vice Principal
D Bardell, Baker Tilly
R Delara, RSM Tenon
D Sheridan, Clerk to the Corporation
R Lucas, Deputy Clerk to the Corporation

553 Apologies for absence

Apologies for absence were received from M A-Messaoud.

554 Declaration of Interest

No interests were declared.

555 Minutes of the previous meeting

The minutes of the previous meeting held on 6 March 2012 were agreed as an accurate record of the meeting and were signed by the Chair.

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

566.1 Risk Register (Minute 546.2 refers)

The Committee noted that risk C had not yet been reinstated on the risk register.

566.2 Bursary Fund (Minute 547.3 refers)

Nick Spenceley confirmed that the YPLA had funded the additional bursary costs.

566.3 Risk Register (Minute 548 refers)

The Committee noted that the IT strategy now fell within the responsibilities of Sue Young. She confirmed the strategy was under consideration.

557 Internal Audit Reports

The Audit Committee received and considered the following internal audit reports presented by Rachel Delara of RSM Tenon: -

557.1 Learner Responsive Audit and Data Credibility Review

The Committee received and considered the internal audit report on Learner Responsive Audit and Data Credibility Review, which gave governors reasonable assurance that the controls upon which the college relies are suitably designed, consistently applied and effective. Governors noted the management responses had now been added to the report.

The Audit Committee approved the internal audit report on Learner Responsive Audit and Data Credibility Review.

557.2 Capital Projects

The Committee received and considered the internal audit report on Capital Projects, which did not give governors assurance that the controls upon which the college relies are suitably designed, consistently applied and effective.

Governors noted and discussed the issues arising from the report and noted that a number of the auditor's recommendations had already been put in place. The Committee noted the management response in respect of recommendation 7 but agreed to amend the Risk Policy in advance of consideration by the Executive as follows:

A risk assessment will be completed on all capital projects costing in excess of £100,000. Depending on the results of the risk analysis, the risk may or may not be included in the risk register.

The Audit Committee approved the internal audit report on Capital Projects.

557.3 Academic Fraud

The Committee received and considered the internal audit report on Academic Fraud, which gave governors reasonable assurance that the controls upon which the college relies are suitably designed, consistently applied and effective. Governors noted the auditor's recommendations which would be addressed by managers.

The Audit Committee approved the internal audit report on Academic Fraud.

557.4 Key Financial Controls

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 and discussed weaknesses in purchasing and procurement and Nick Spenceley informed them of controls the College would implement to address audit recommendations.

The Audit Committee approved the internal audit report on Key Financial Controls.

557.5 Governance

The Committee received, considered and approved the internal audit report on Governance, which gave governors reasonable assurance that the controls upon which the college relies are suitably designed, consistently applied and effective.

557.6 Equality and Diversity

The Committee received and considered the internal audit report on Equality and Diversity, which gave governors reasonable assurance that the controls upon which the college relies are suitably designed, consistently applied and effective. Governors noted and discussed the recommendations made by the auditor to control issues identified.

The Audit Committee approved the internal audit report on Equality and Diversity.

557.7 Follow Up of Previous Internal Audit Recommendations

The Audit Committee received and considered the Internal Audit Follow Up Report and noted that the College had demonstrated adequate progress in implementing actions agreed to address internal audit recommendations. Governors noted that there were no high or medium recommendations that were not receiving adequate management attention and approved the report.

557.8 Internal Audit Progress Report

The Audit Committee received and considered the Internal Audit Progress Report which summarised the work completed against the internal audit plan for 2011/12. Governors noted that one audit – that of Risk Management – was outstanding.

Rachel Delara informed Governors that the outcomes of the audits would be taken into account when forming the overall opinion on assurance in the Internal Audit Annual Report. The outcome of the Capital Projects audit would not in isolation result in a qualified audit report but would impact upon the internal controls assessment.

The Committee noted that RSM Tenon and the College lead manager for audit, Paul Marsh, were working effectively on audit arrangements.

558 Strategy for Internal Audit 2012/13 – 2014/15

The Audit Committee received and discussed the strategy for Internal Audit for 2012-2015. Rachel Delara confirmed that the strategy had been developed following discussions with college management and taking into account the Risk Register, the context and environment in which the College was operating and the strategic approach of the College.

In discussion, the Committee agreed to amend the programme to bring forward the Apex Partnership audit from 2014/15 to 2013/14, moving the Safeguarding audit back a year. Governors also decided that the Control of Subsidiary Companies audit be included provisionally in light of the result of reviews by audit and VAT advisers.

With these amendments, the Audit Committee approved the strategy for Internal Audit 2012/13-2014/15 and agreed to recommend the strategy and its fees to the Corporation.

559 Audit Tracker

The Committee considered the Audit Tracker, presented by Paul Marsh, Vice-Principal. Governors noted that the tracker contains recommendations arising from internal audits carried out prior to the current academic year, internal audit recommendations from the 2011/12 year and the recommendations of external audit.

Paul Marsh informed the Committee of the process by which audit recommendations are followed-up within the college and implementation tracked to ensure controls are applied.

560 Risk Management

560.1 Risk Policy

The Audit Committee received and considered the Risk Management Policy and confirmed their earlier amendment, that is:

A risk assessment will be completed on all capital projects costing in excess of £100,000. Depending on the results of the risk analysis, the risk may or may not be included in the risk register.

Governors noted that the internal audit of risk management might suggest amendments to the Risk Management Policy. It was agreed that the Policy be reconsidered in the autumn term and not put to the Corporation in July 2012.

560.2 Risk Register

The Audit Committee reviewed the Risk Register. Paul Marsh informed the Committee of proposed changes to the register: these are the date when the risk was added to the register and an indicator as to whether the level of risk was increasing, decreasing or remaining the same.

561 Financial Regulations

The Audit Committee received and considered the Financial Regulations. Nick Spenceley informed Governors of changes to the Regulations, in particular the chart of post-holders and authorisation levels and Governors discussed these.

After consideration, the Committee asked that the Financial Regulations be amended at a future date to include rules regarding the authorisation of overtime and approval of the Senior Managers' expenses.

562 Financial Memorandum

The Audit Committee received and considered the Clerk's paper on the Financial Memorandum. It was noted that a further version of the Financial Memorandum will be produced in 2012 combining the requirements and expectations of the Skills Funding Agency and the Education Funding Agency.

563 APEX Partnership

The Audit Committee received and considered the report of Sue Young, Deputy Principal, which explained how the 11 organisations of the Apex Partnership, including Harlow College, are monitored. Governors noted the risks facing the College for errors in record keeping should partners fail to maintain adequate and accurate learner files.

The Committee noted and discussed the performance of individual partners in the audits and noted their audit opinions and risk ratings. Sue Young confirmed actions for improvement were in place. Governors noted that follow-up audits will be held before 31 July 2012 for partners deemed high or medium risk with the outcomes reported to the Committee in autumn 2012.

564 External Audit

564.1 Harlow College External Audit Strategy for Year Ending 31 July 2012

The Audit Committee received and considered the Harlow College Audit Strategy for Year Ending 31 July 2012 for external audit which was presented by D Bardell of Baker Tilly.

The Committee approved the scope of the audit, the audit approach and focus and the fees for auditing the financial statements year ending 31 July 2012.

564.2 Changing Environment

The Audit Committee received and considered the Baker Tilly paper on the Changing Environment affecting FE colleges.

565 Any other business

Organisation of the Finance Team

In response to a question from Myrtle Prodger, the Deputy Principal outlined the roles and responsibilities of the managers in the Finance Team. Interviews for the vacant post of Director of Finance will be held in early July.

566 Dates of future meetings

The Audit Committee received and approved the Calendar of Meetings and Calendar of Business for 2012-13.

Dates of future meetings:

Autumn Term	Tuesday 09 October 2012	08.30am
	Wednesday 05 December 2012	08.30am
Spring Term	Tuesday 05 March 2013	08.30am
Summer Term	Tuesday 18 June 2013	08.30am