HARLOW COLLEGE FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Minutes of the meeting held on Tuesday 28 February 2017

Membership	*P Bartlett (Chair)
	*A Durcan
	*R Levy
*denotes present	*P Whitehead
In attendance	P Goddard, Scrutton Bland
	M Stokes, Deputy Principal
	D Morgan, Executive Director of Financial Services
	D Sheridan, Clerk to the Corporation
	R Lucas, Deputy Clerk to the Corporation

779 Apologies for Absence

Apologies for absence were received from H Catchpool, RSK UK (external auditors).

780 Declarations of Interest

P Whitehead declared an interest in agenda item 784 – SFA Sub-Contracting Audit Report – due to being the audit sponsor, and agenda items 785 and 786 – Internal Audit Tracker and Risk Register – due to being involved in the Executive's review of both documents.

781 Minutes of the Previous Meeting

The minutes of the Audit Committee meeting and the joint Audit and Resources Committee both held on 01 December 2016 were agreed as an accurate record of the meeting and were signed by the Chair.

782 Matters Arising from the Minutes (not mentioned elsewhere on the agenda)

782.1 Sir Charles Kao UTC Service Charges (minute 772.1 refers)

P Whitehead asked if the College had received the service charge payment from the UTC. M Stokes informed the Committee that payment is being received for this year's service charge. The UTC is waiting for a valuation of some unused equipment to offset against last year's undercharge and M Stokes confirmed the College will either secure the equipment or a cash payment from the UTC.

782.2 Internal Audit Risk and Assurance Progress Report (minute 772.3 refers)

The Audit Committee asked when the higher education internal audit report would be presented to the Committee. P Goddard informed Governors that there is a meeting with the College's Principalship after the Audit Committee meeting to discuss the internal audit report and it will be presented at the next Audit Committee meeting.

782.3 Internal Audit Risk and Assurance Progress Report (minute 772.3 refers)

P Bartlett asked whether the College has undertaken an employee census. P Goddard informed the Committee that as the College undertakes a monthly check of the organisation chart, the draft recommendation to undertake an employee census has been removed from the Key Financial Controls audit report.

783   Internal Audit Reports

783.1   Key Financial Controls - Payroll

The Audit Committee received and considered the internal audit report on Key Financial Controls - Payroll, presented by P Goddard, Scrutton Bland.

P Goddard highlighted the areas covered by the audit and informed Governors that the internal audit report on Key Financial Controls provided Governors with significant assurance that the governance, risk management and control arrangements for the material risks reviewed are managed effectively. Governors noted that three low level recommendations had been made and that the recommendations had been accepted by Harlow College. Two added value points were noted in the report. He informed Governors of the findings of the report and highlighted that internal controls are working well.

The Audit Committee noted the internal audit report on Key Financial Controls – Payroll.

783.2   Internal Audit Risk and Assurance Progress Report

The Audit Committee received and considered the Internal Audit Risk and Assurance Progress Report presented by P Goddard from Scrutton Bland. Governors noted that three internal audits have been completed and one draft internal audit report is being discussed by the College Principalship and Scrutton Bland after this meeting.

P Goddard informed the Audit Committee that the Principalship has requested to change the planned internal audit on Staff Performance Management to High Needs Funding. The Audit Committee approved this change and a revised date for the audit has been set.

P Goddard informed Governors that it has been proposed that one day contingency is used to undertake unannounced partner spot checks as part of the Student Records Funding Compliance audit. The Audit Committee agreed to this proposal.

P Goddard asked whether the Audit Committee considered that risk management and appetite training would be still valuable. After a discussion the Audit Committee agreed for Scrutton Bland to deliver a session for the Corporation and that D Sheridan and P Goddard would liaise on this.

The Audit Committee noted the Internal Audit Risk and Assurance Progress Report, subject to the changes outlined above.

784   SFA Sub-Contracting Audit Report

The Audit Committee received and considered the SFA Sub-Contracting Audit Report, presented by P Whitehead, Executive Director for Information, Data and Support.

P Whitehead informed the Committee that the requirement for this audit started last academic year. Governors noted the recommendations arising from the report.

Unannounced spot checks have been arranged for partners. Additional required contract clauses have been added as addendums to partners' contracts. These were sent out on the day of the audit and have been signed and returned by both partners. The section on service sub-contracting has been removed from the Fees and Charges Policy and has been re-published on the College's website.

Governors were informed that all actions have been completed and the auditor's signed letter has been sent to the SFA.

785   Internal Audit Tracker

The Audit Committee received and considered the Audit Tracker, presented by M Stokes, Deputy Principal.

M Stokes informed Governors that completed actions and recommendations are no longer listed on the tracker. He informed Governors that the Data Security Policy is in draft form and is being reviewed by the Executive. There are some HR and higher education issues which need to be clarified, therefore it will be presented to the Resources Committee and then the Corporation once these issues have been resolved. P Goddard highlighted that data regulations are changing and the Policy will need to be updated to reflect the changes once they come into operation.

Governors noted that the DSF Policy is the Discretionary Support Fund Policy which is the College's Bursary Policy.

The Audit Committee approved the audit tracker.

786   Risk Register

The Audit Committee received and reviewed the Risk Register, presented by M Stokes, Deputy Principal. Governors noted that all risks are reviewed by the College's Executive on a monthly basis and currently there are eight high risks, eight medium risks and one low risks.

Governors discussed changes since the last Audit Committee meeting and noted that five risks have been deleted due to either the project being completed or the risk score now being so low.

Governors noted and discussed in detail two new risks that have been added onto the risk register concerning Princess Alexandra Hospital Trust and the Local Government Pension Scheme.

The Committee noted that nine risks have been rescored, three with a higher risk score and six with a lower risk score.

A discussion was held around Risk 17 – VAT Liability. D Morgan informed Governors that the group structure is being closed down and the lease arrangement between the companies will end in July 2017. Action is being taken to minimise the risk however there could be a £25k liability solely for this year.

T Durcan asked if the College is in discussion with ARU on the new health campus being built in Harlow. A detailed discussion was held around this and it was recommended that Karen Spencer speak to Robert Halfon MP on this issue.

A discussion was held around Risk 13 – the Stansted Project. Governors were informed that the funding has been agreed and the design process is being completed. There are no financial contributions from the College for the project however Governors requested that the risk be expanded to include spend to date on the project.

P Bartlett asked P Goddard whether there is anything from other colleges' risk registers that is missing from the College's register. P Goddard informed the Committee that data security is becoming an emerging risk and that 16 – 18 recruitment is often a stand-alone risk.

The Audit Committee approved the risk register.

787   Data Security Policy

This agenda item was covered under agenda item 785 – Internal Audit Tracker.

788   Any Other Business

There were no items of any other business.

789   Dates of Future Meetings

The next meeting of the Audit Committee will take place on Tuesday 20 June 2017 at 8.30am.