HERTFORD REGIONAL COLLEGE
AUDIT COMMITTEE MINUTES
11ᵗʰ June 2015.

Present: Warren Gordon (Chair)	**In Attendance**
Ken Ayling	Dan Harris (Baker Tilly)
Jan Wing	Mark Griffin (McIntyre Hudson)
	Desdra Kingdon (Interim Principal)
	Olive Oliver (Dir IT Services and MIS)
	John Fowl (Clerk to the Corporation)

569. To Receive Apologies For Absence.

Apologies were received from Denni Morrison and Rajeev Shaunak of MacIntyre Hudson.

570. Declaration of Interests.

None.

571. To Meet Auditors Without Officers Present.

There were no matters under this item.

572. To Approve the Minutes of the Meeting Held on 16ᵗʰ March 2015.

The minutes were approved.

573. Matters Arising.

It was confirmed that the payment of the invoice for costs associated with the Saudi Arabia project had still not been received.

574. Internal Audit Reports.

a) CK Assessment & Saudi Arabia (Governance).

It was noted that things had moved on since the auditors had carried out the work regarding CK Assessment and the Saudi Arabia project.
Three recommendations had been made and a Joint Saudi Arabia (Governance) group had been established with North Herts College (NHC).
The sum of monies owed to the College by Hertvec is well documented and it was confirmed that Hertvec now has funds to make the payment but NHC was disputing some of the amounts included in the claim. There is also an issue regarding a 15% 'Withholding Tax' levy on any payment that is made. Desdra Kingdon confirmed that she was seeking clarification on this with the view to minimising such a tax.. The Hertvec Finance Director has confirmed that he will make the payment once he has received the correct authorisation and clarification of the 15% 'Withholding Tax'.

b) Data Protection.

Six medium and 5 low level recommendations have been made and the Committee considered each of them. It was confirmed that in the main there was a well-designed control framework. It was recommended that a Code of Practice and Policy should be produced for all IT users in the college. Olive Oliver set out the steps taken to tighten control of IT and Data usage generally in the college and the SLT was considering whether this should be identified as a Strategic Risk.

The Committee was told that the recommendations were planned to be implemented by the end of December 2015.

c) Outstanding Recommendations from Previous Years.

Of the 20 recommendations outstanding at the start of the year just one remained outstanding. All audit recommendations are entered into the '4Action' software to monitor progress and to issue frequent reminders to the member of staff responsible for implementing the recommendation.

d) Key Financial Controls.

The auditor advised that during the audit a number of instances were identified where it was not clear as to whether multiple quotes for items had been sought. The recommendation for the Hair & Beauty department to make just one bulk order for the year was not accepted by the College management as this would mean the department concerned missing out on the special offers made by suppliers during the year which give better savings than would be achieved from a bulk order.
It was recommended that the IT asset register needed to be updated although it was accepted that the production of very detailed inventories would prove more costly to implement than the potential cost of stock loss.
Olive Oliver outlined the process for keeping a register of IT equipment and its disposal.

e) Risk Management.

The IAS had made recommendations aimed to improve the design of the control framework for all risks.
Members were told of the manner by which risks are recorded and reviewed with the staff having ownership of the issue having to provide the necessary assurances.

It was **Resolved** that the IAS Report be Received.

575. To Consider & Approve the Internal Audit Plan 2015-16.

Dan Harris tabled a report giving an update and summary of the emerging issues impacting on Colleges in the FE sector.
The Committee was informed of the change of brand name of Baker Tilly to RSM. This change will become effective at the end of October 2015.
The Internal Audit Plan was considered and it set out 30days for the Core audit work in the college with other areas suggested for the College to consider additional days audit work. The scope of each additional area was considered by the Governors and it was noted that the SLT were minded to request additional audit work in 3 areas.
Dan Harris expressed the view that the Saudi Arabia project should at some stage be subject to audit as it was a significant risk area for the college. The Committee suggested the additional audit work includes the Disaster Recovery Plan and the Hourly Paid system.
It was accepted that all audit work should be conducted with the intention of helping the college to do things better.

It was **Resolved** that the Internal Audit plan for 2015-16 be approved.

576. To Consider and Approve the Financial Statements Audit Strategy 2014-15.

Mark Griffin explained the standards against which the audit will be conducted, ie International Standards on Auditing (UK & NI) and the Joint Audit Code of Practice. Members noted the reliance that the auditor will place on the work of the IAS and the timetable for the work to be carried out to ensure the Financial Statements can be presented to the Board in December 2015.

It was **Resolved** that the Financial Statements Audit plan for 2014-15 be approved

577. Risk Management Update.

Risk management training for staff has taken place and the emphasis now is to ensure that risk is embedded in the thinking of all staff.

Each of the Board's Committees now review the Strategic Risks associated with their area of oversight. It was suggested that the Audit Committee should identify 3 key risks and to invite the 'risk owner' to attend the Audit Committee to explain how the risk level is being mitigated.

The Committee discussed how best to embed the risk culture with staff and it was agreed that Desdra Kingdon would put forward a proposal for the Chair of the Committee to consider.

The Primary Risk Register identified all new risks together with the actions planned to minimise their impact. The Committee recommended that Data Protection and Maths & English be added to the Primary Risk Register.

It was the opinion of the Committee that the grading of the residual Risks shown in the Saudi Arabia Project Risk Register were too low and that these needed to be revisited.

578. Any Other Business.

The Clerk advised that due to the tight timescale for this meeting, the Committee Self-Assessment against the Committee terms of Reference will be done at the next meeting and built into the Annual Report of the Committee.

579. Date of the next Meeting.

The next meeting will be held on 26th November 2015.

Signed…………………………………………..
(Chairman)

Date………………………………………….