

HERTFORD REGIONAL COLLEGE
AUDIT COMMITTEE MINUTES
26th November 2015.

Present: Warren Gordon (Chair)
Ken Ayling
Denni Morrison
Ricky Irons
Jan Wing

In Attendance
Dan Harris (RSM)
Tony Medhurst (Principal)
Desdra Kingdon (Deputy Principal Finance & Resources)
Olive Oliver (VP Info & Technology)
John Fowl (Clerk to the Corporation)

580. To Receive Apologies For Absence.

There were no apologies.

581. Declaration of Interests.

None.

582. To Meet Auditors Without Officers Present.

Tony Medhurst, Olive Oliver and Desdra Kingdon withdrew for this item.

Warren Gordon stated his concern that with Desdra leaving the college there needed to be a handover to someone to continue the work she has undertaken as 'Champion' for risk management aspects.

Dan Harris stated that he saw this as an important aspect of the College risk Management and that it needed someone to continue to drive the awareness of risk amongst staff at all levels.

The Committee agreed that the Principal and Desdra should discuss this prior to her departure.

Tony Medhurst, Olive Oliver and Desdra Kingdon returned to the meeting at this point. It was confirmed that the replacement for Desdra will take on the responsibility for Risk Management in the College.

583. To Approve the Minutes of the Meeting Held on 11th June 2015.

The minutes were approved.

584. Matters Arising.

- a) Item 577. Members were informed that there was not a separate register for 'Primary' risks but that each strategic risk is graded with some graded as 'Primary'.
- b) Item 575. Members reminded the College Managers that the Board had acknowledged the need for an audit of the Saudi Arabia project.
- c) The Quality & Standards committee had suggested that Maths & English should be regarded as a Strategic Risk and it was agreed that it should be graded as a 'Primary Risk'.

585. Internal Audit Reports 2014-15 and the planned Audits for 2015-16.

The Committee spent time to clarify how the Internal Audit reports fitted with each other and the annual report of the Audit Committee.

a) Subcontracting.

This was given an Amber/Green assurance level by the auditor. There were 6 recommendations (4 medium and 2 low)

Members noted the subcontracts that were in place with the College. The IAS had checked the procurement process and found that the rules have been complied with.

A number of issues were identified by the IAS including that two of the existing contracts had not been properly signed. A total of six auditor recommendations had been made and Olive Oliver outlined the steps taken to tighten up all processes. Four of the six recommendations have now been implemented with two in the process of being implemented.

b) Funding Assurance (Draft Report)

The final report has not been issued as management are still discussing the content and recommendations. The IAS had given an Amber/Red opinion for this but Dan Harris confirmed that the Board can still take some assurance that the controls are sufficient to enable the College to achieve its goals. Olive Oliver shared her view that the audit was focussed mainly on the curriculum areas with which that she had particular concerns

During the audit a total of 9 recommendations were made, of which 2 were high level, 6 medium level and 1 low level recommendations.

c) Progress Report.

Members received the IAS Plan for 2015-16 and the dates agreed with the College for when the work will take place. The scope of work for each area to be audited had been agreed.

Of the 40 confirmed recommendations (excludes 9 from funding report) made by the IAS during 2014-15 22 had been fully implemented, 2 were awaiting ratification, 8 where the target date for implementation had not been reached and 8 were now overdue the target date for implementation. Members were advised that one of the recommendations that is awaiting ratification in respect of Saudi Arabia Review Group has not as yet been fully addressed and that the Board should do this.

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

586. Internal Audit Annual Report.

The IAS has given the college a positive opinion for Governance, Risk management and Control Processes which should allow the College and the Board to achieve its objectives but had identified some significant issues that needed to be addressed. All of the recommendations have been accepted by the College management.

Dan Harris advised that it is now the Annual Report of the Audit Committee that provides the assurance the Board needs in order to sign the Financial Statements and Management Letter.

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

587. To Receive the Risk Management Report and Risk Register Update.

Members were informed of the work that has been undertaken in respect of Risk Management.

The College is using the '4Risks' software supplied by RSM/Baker Tilly and a member of staff has been allocated to run and update users on the system when Desdra Kingdon leaves.

The SLT has discussed the schedule and 14 risks have been graded as 'Primary Risks'. All risks are categorised as either 'strategic', operational or project risks.

In reviewing the Risk Register the Governors were informed that 3 new strategic risks had been added, 1 deleted and 3 moved to Operational risks. The new risks were 'failure to maintain a safe environment, "Failure to manage/ eliminate HRC Deficit Budget" and Failure of Saudi project". The risks were considered and the associated actions were noted.

A number of risks had no associated actions against them and the Committee was informed that the new structure will address these.

It was **Resolved** that the Report be Received and that the primary risks will be reported to the Board on 17th December 2015.

588. To Receive the Annual Report of the Audit Committee to the Board of Governors 2013-14.

The Clerk presented the draft report. The information from the Financial Statements Auditor had still to be inserted and now the final IAS annual report has been received the report will be updated to match the data in that report.

Dan Harris suggested a number of amendments to the report and the Clerk was asked to liaise with him and to update accordingly and re-circulate by email to the Members for final approval.

It was agreed that a greater mention would be made in the report in respect to risk management.

It was **Resolved** that the revised Report be approved by email and to then be presented to the full Board on 17th December and also attached to the Annual Accounts that are sent to the SFA.

589. Committee Self-Assessment.

Members were asked to consider the Committee Terms of Reference and their performance against the responsibilities identified. It was suggested that some wording needed to change to better reflect the Joint Audit Code of Practice. The Clerk was asked to do this and to circulate to the Chair by email for approval.

590. Any Other Business.

There was no other business

591. Date of the next Meeting.

3rd December 2015 as a joint meeting with the Resources Committee.

Signed.....
(Chair)

Date.....