



HADLOW
COLLEGE

Innovation. Experience. Excellence.

MINUTES OF THE AUDIT COMMITTEE

HELD ON 27 FEBRUARY 2008

Present:	Mr N Coffin	-Business (Chair)
	Mr B McNicoll	-Non-governor Co-opted Member
	Mr P Wilson	-Business
In attendance:	Mr J Allen	-Clerk to the Governors
	Mr M Lumsden-Taylor	-Director of Finance
	Mr D Morris	-MacIntyre Hudson

The meeting commenced at 16.10

APOLOGIES & DECLARATIONS OF INTEREST

41. Apologies were received from Mr J Boxall. There were no declared interests against any of the agenda items.

MINUTES

42. **RESOLVED** that the minutes of the meeting of the Audit Committee held 14 November 2007 be approved as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

43. The College report '*Summary Action List*' was received (copy attached to the signed minutes).

Minute 13: It was noted that a progress update on the implementation of a central procurement system is dealt with under agenda item 4. After reviewing the plans to pilot the new central procurement system in designated areas, it was agreed to receive from the staff responsible for the implementation of the pilot an evaluation on the effectiveness of the pilot at the next meeting.

44. Under matters arising, clarification was sought on the plans to involve the out centres in a desktop critical incident exercise. It was agreed that both the Mottingham and Canterbury sites should be subject to a critical incident exercise, and in particular, what would be the plans in the event of a prolonged absence of teaching facilities at either of the two sites. Outcomes arising from the critical incident exercises would be made available to the Audit Committee.

45. It was **RESOLVED** to note the Summary Action List.

AUDIT ROLL FORWARD ACTION PLAN

46. The Audit Committee now receives as a fixed agenda item the copy of the '*Audit Roll-Forward Action Plan*' listing progress against all audit action points (copy attached to the signed minutes).
47. Of the 12 audit recommendations as at February 2008, College management confirm that 11 are outstanding (92%), 7 of which are not scheduled to be completed until March 2008. Seven of the 11 outstanding points relate to the 3 recommendations on the implementation of the Customer Relations Management System (CRM) and 4 recommendations concerning Partnerships (Employer Engagement). All of these recommendations are being addressed in the new Corporate Business Strategy that has now been finalised.
48. Of the 11 outstanding recommendations listed, three are high risk (CRM implementation; Fixed Asset Disposals, and Register Maintenance where it has been agreed to leave this risk permanently on the Risk Register because of its importance), and the remaining 8 are medium risk.
49. The Committee reviewed the commentary against all of the outstanding audit recommendations and noted that the responses were both appropriate and timely.
50. It was **RESOLVED** to note the Audit Roll Forward Action Plan.

INTERNAL AUDIT 1st REPORT 2007/08

51. The '*Internal Audit Assignment Report February 2008*' was received (copy attached to the signed minutes) and presented by the representative from MacIntyre Hudson.
52. It was confirmed that the report arises from the first visit of the internal auditors, and as agreed in the internal audit plan for 2007/08, the following areas formed the internal audit review:
 - Corporate Governance & Risk Management
 - Student Enrolment
 - Budgetary Control
 - Financial Reporting
 - Suppliers
 - Payroll
53. The overall assessment of the risk management and framework and the control environment established to achieve College objectives for the areas subject to audit review were summarised as follows:

	Objectives Reviewed	Fully Met	Partially Met	Audit Recommendations
Coporate Governance & Risk Management				0
Student Enrolment	4	1	3	5
Budgetary Control	5	5	0	0
Financial Reporting	7	7	0	0
Suppliers	9	9	0	
Payroll	7	4	3	3
TOTAL	32	26	6	0

54. There are a total of 8 recommendations arising from the review, three of which are medium risk and five are of a low risk. Management responses against each of the recommendations were reviewed and deemed to be timely and appropriate. It was confirmed that all recommendations would be carried forward for inclusion in the Audit Roll Forward Action Plan.
55. After thorough discussion, it was **RESOLVED** to note the 1st Internal Audit Report 2007-08.

TERMLY REPORT ON RISK MANAGEMENT

56. Under this agenda item, the Committee received the minutes of the Risk Management Group meeting held 6 February 2008 and the current Risk Register that incorporates the risk management scoring system, use of a traffic light system for each identified risk, an executive summary with a headline summary provided of all high risks identified. Any risk over a score of 10 is confirmed as a high risk and the risk, along with the actions proposed to mitigate the risk, are summarised in the headline summary table of all high risks identified. Incorporated within the Risk Register was the Capital Works Risk Register.
57. The Headline Summary of Key Risks confirmed giving a total of 13 high risks. Three new high risks have been identified
- Capital projects
 - Essential Skills – failure to improve provision
 - Key skills – lack of ownership and embedding in curriculum areas
58. The consolidated Capital Works Risk Register identified the following two high risks:
- Current scheme does not meet budget limitations
 - Safety during investigations/demolition/construction on live student campus

58. The Committee reviewed in detail each of the 15 identified high risks and the actions being taken to mitigate the risks.

59. It was **RESOLVED** to note the termly report on Risk Management

VALUE FOR MONEY FRAMEWORK

60. The College report '*New Value for Money Framework*' was received (copy attached to the signed minutes). The proposal is for a new reporting policy and cultural framework to cascade and develop a further Value for Money impetus within the organisation. Roles and responsibilities will be clearly defined and the policy, and its effectiveness, will be subject to annual review from the Audit Committee. There will be annual reporting of VfM as part of the College's Business Planning Cycle supported with individual VfM studies that may be commissioned by the Senior Management Team. The Internal Audit Service will also have a key role to play in conducting VfM studies. A key priority will be the dissemination of good practice throughout the organisation.

61. It was **RESOLVED** to approve the Value For Money Framework.

PILOTING OF THE FINANCIAL CONTROL KEY PERFORMANCE AREA (KPA) AS PART OF THE FRAMEWORK FOR EXCELLENCE

62. It was confirmed that the College is participating in the pilot of the Framework for Excellence, and as part of the pilot, has completed a self-assessment on the Financial Control Key Performance Area (copy attached to the signed minutes) that is one component of the overall structure of the Framework for Excellence.

63. It is recommended good practice for the Audit Committee to receive the completed self-assessment document and to note the proposed self-assessment grade. It is expected that the completed self-assessment document will be subject to validation through a visit by Regional/National PFA Teams.

64. It was **RESOLVED** to note the completed KPA and the self-assessed grade profile of Outstanding (Grade 1). It was further **AGREED** to inform the Committee of any outcomes arising from any subsequent validation of the KPA document by the LSC audit team which is expected to take place in April.

DATE OF NEXT MEETING

65. Wednesday 18 June 2008 @ 1600.

The meeting closed at 17.30.

Signed: _____ Date: _____

CURRENT AUDIT COMMITTEE SUMMARY ACTION LIST

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	Who
44	It was agreed that both the Mottingham and Canterbury sites should be subject to a critical incident exercise, and in particular, what would be the plans in the event of a prolonged absence of teaching facilities at either of the two sites. Outcomes arising from the critical incident exercises would be made available to the Audit Committee.	DoF
64	To inform the Committee of any outcomes arising from any subsequent validation of the Financial Control Key Performance document by external agencies that is expected to take place in April.	DoF/Clerk