

**MINUTES OF THE HADLOW GROUP AUDIT COMMITTEE
03 MARCH 2016**

Present: Ms L Currie
Ms S Hart
Mr P Greenwood (Non-Governor Co-Opted Member)

In attendance: Mr M Lumsdon-Taylor- Group Director of Finance
Ms P Powditch - Assistant Director of Finance,
MIS & ICT
Ms L Brown - Group Vice Principal
Mr J Allen - Clerk
Ms S Knight - Macintyre Hudson

The meeting commenced at 09.40

WELCOMES, APOLOGIES & DECLARATIONS OF INTEREST

43. Apologies were received from Mr B McNicoll and Mr H Guntrip. The Clerk advised the meeting was quorate with 3 members in attendance with representation from both Hadlow College (L Currie) and West Kent & Ashford College (S Hart), as governor representation from both Colleges is required in the Committee's terms of reference.

44. The Clerk advised the membership of the Hadlow Corporation, West Kent & Ashford Board, and the Hadlow Group Board is a standing declared interest at each meeting. It was noted and declared the membership of Hadlow College of Ms L Currie and Ms S Hart, and Ms S Hart being a member of West Kent & Ashford Board.

MINUTES

45. As the Chair was not in attendance it was **AGREED** to defer the signing of the minutes of the meeting held on 26 November 2015 to the next meeting.

SUMMARY ACTION LIST & MATTERS ARISING

46. The '*Summary Action List*' was received. The following updates were made available:

MIN REF & DATE	DETAILS OF RESOLUTION/ACTION POINT	ACTION UPDATE TO BE PROVIDED AT MEETING ON 03/03/16
7	Reported Fraud Incident: Updates to be reported to the Audit Committee until the matter has been concluded	The latest update was made available and was noted by the Committee.

99	It was noted the four internal audit reports arising from visit 2 in 2014/15 and the ' <i>Internal Audit Annual Report 2014/15</i> ' have still to be issued to the Audit Committee. It was AGREED to email these reports to members and for these to be an agenda item at the next meeting.	Agenda item
10	<ul style="list-style-type: none"> (i) After the first internal audit visit, The Group Director to work further with the auditors to see if additional days over the agreed framework of 70 days are required; (ii) If additional days are required, to bring this back to the March Audit Committee meeting for further discussion; (iii) To draft reports as group reports rather than reports for each area subject to audit; and (iv) Reports to focus on why recommendations are important, what is the expected impact of the recommendation on the organisation, and what added value will arise if the recommendation is implemented. 	Agenda item 5

47. It was **RESOLVED** to note the '*Summary Action List*'.

GROUP AUDIT ROLL FORWARD ACTION PLAN

48. The Audit Committee received the '*Group Audit Roll-Forward Action Plan*' listing progress against all outstanding audit recommendations.

49. Of the 19 audit recommendations relating to the Hadlow Group as at February 2016, College management confirmed that eight have been completed with 11 outstanding.

50. There were no issues of concern noted by the Audit Committee following the review of outstanding recommendations.

51. It was **RESOLVED** to note the '*Audit Roll Forward Action Plan*'.

52. In discussion it was **AGREED** to amend the report by adding an appendix to list those recommendations that have been implemented but are 'on-going' in terms of their review. By placing these recommendations in the roll-forward action plan gives the impression that the actions are still outstanding. By having a separate appendix still allows for monitoring from the Audit Committee, whilst giving a truer picture on the outstanding recommendations.

INTERNAL AUDIT ANNUAL REPORTS

53. A total of 4 internal audit reports were received and reviewed. The following summary was noted:

Audit	Recommendations	Good Practice areas	Audit Opinion
Acquisition of Fowlmead Country Park	2 – One Medium, One Low	9	Substantial Assurance
Governance	2 Medium	15	Substantial Assurance
Procurement	2 Low	13	Substantial Assurance
Risk Policy & Register	None	18	Full Assurance
TOTAL	6	55	

54. The Group Director of Finance updated the Audit Committee on the new structure of the finance function within the Hadlow Group following recent re-organisation. Procurement arrangements will now be supported with a Procurement Officer. Savings expected from a renewed focus on procurement should pay for the costs of this post.

55. The Group Vice Principal reassured the Committee that the Hadlow Rural Community School does have the necessary governance policies and procedures and an annual cycle of business. The question is where is this best located – in an all-inclusive Group Handbook or in a separate Handbook specifically for the School.

56. The Clerk brought to the attention of the Committee an issue that was discussed at the recent Hadlow College Finance meeting. The assumption has been that instructions issued by Hadlow Corporation that impacts on another component within the Group is communication to the component concerned through there being Hadlow Governors as members of all other Boards within the Hadlow Group and through the circulation of minutes. A more formal approach will be taken where any decision taken by the Hadlow Corporation that impacts on another component will be formally notified in writing by the Clerk to the appropriate person(s) within that Component.

57. It was **RESOLVED** to note the reports.

REVISED INTERNAL AUDIT PLAN 2015/16

58. As requested at the last meeting, the original Internal Audit Plan 2015/16 for the Hadlow Group has been subject to further review. The revised draft is more streamlined and more focused on key strands within the Group and is more doable in terms of workload. The allocated audit days has been reduced from 70 to 50 and confirmation was given that visit one and visit two have already taken place and visit three is scheduled for March. The final visit is scheduled for May. It was noted that all audit

reports arising from the four visits would be agenda items at the June meeting.

59. The Clerk informed the Committee that a request was made at the recent Remuneration Committee to instruct the auditors to look into the area of pension returns, as it was reported to the Remuneration Committee of possible errors in returns over the last 2 years. The auditor agreed to look into this further.

60. An attempted fraud on the College's credit card was reported to the Committee. However, this was not an issue requiring a review of audit controls as the College's systems identified the fraud and prevented it from happening. The reporting of the attempted fraud was noted.

61. It was **RESOLVED** to approve the revised '*Hadlow Group Internal Audit Plan 2015/16*'.

(The Internal Auditor left the meeting at this point).

RISK MANAGEMENT

62. The Committee received the following for review:

- (i) Hadlow Group Risk Register – Thematic Group Risks; Summary of High Risks; and Risk Register from support business segments;
- (ii) Hadlow College Risk Register;
- (iii) West Kent College Risk Register
- (iv) Minutes of the Hadlow College Risk Management Team meeting held 10 February 2016; and
- (v) Minutes of the WKAC Risk Management Team meeting held 03 February 2016.

63. For information purposes, the Committee was informed of the following new risks:

- Hadlow Group: 'Food hygiene and environmental compliance'
- WKAC: 'Failure to maintain frontline systems'

64. The Group Director of Finance also brought to the Committee's attention the risk around the electrical supply to Hadlow College with a risk around current full capacity. Peak usage has resulted in some supply issues.

65. The Committee sought assurances on how the pressure on the Executive and Managers within the Group on the number of risks is being managed. In response the Group Director and Group Vice Principal both confirmed risk management is well embedded within the Group and that defined processes are in place that helps manage the identification and mitigation of risks. Staff and leaders are effectively challenged to address risks. There is no doubt that pressures are increasing arising from external funding issues and the failure to meet some internal targets, especially at WKAC. The risk profile is increasing around student numbers and financial viability, especially at WKAC. The key assurance given to the Committee

was that the Executive knows what is going on as a result of a more robust approach to risk management.

66. It was **RESOLVED** to note the reports under this agenda item.

BOARD & AUDIT ASSURANCE FRAMEWORK

67. The agreed Board Assurance Framework was received. The College Group has implemented a Board Assurance Framework to give satisfactory statements of control and compliance to the Hadlow Group Audit Committee. The Board Assurance Framework is structured as follows

- Quality
- Teaching, Learning & Assessment
- Financial & Governance
- Risk
- External Funding & value
- Structure & Legal
- Safeguarding

68. Each component to be subject to annual review through a system report, and it was noted that assessments on risk, external funding, and legal are scheduled for annual review at the Spring meeting of the Committee.

69. Following review, an assessment of '**Green**' with full assurance was agreed for risk, external funding, and legal. It was **RESOLVED** to note the report.

INTERNAL CONTROL & SYSTEMS FRAMEWORK

70. Received were the two compliance reports, one on Hadlow College and the other on West Kent & Ashford College. The Committee was made aware of non-compliance on the completion of registers at Tunbridge Wells

71. As there are still compliance issues on the completion of registers at WKAC, it was **AGREED** for the assessment to be amended to 'Amber' It was also **AGREED** that to compare like with like, data would be made available on class registers for both colleges, and not course registers.

ANY OTHER BUSINESS

72. There was no other business.

DATE OF NEXT MEETING

73. Thursday 05 July 2016 @ 09.30 @ **Tonbridge**

The meeting closed at 11.45.

Signed: _____ Date: _____

CURRENT AUDIT COMMITTEE SUMMARY ACTION LIST

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	Review
7	Reported Fraud Incident: Updates to be reported to the Audit Committee until the matter has been concluded	30/6/16
45	To defer the signing of the minutes of the meeting held 26 November 2015 to the June meeting.	30/6/16
52	Roll Forward Action Plan: To amend the report by adding an appendix to list those recommendations that have been implemented but are 'on-going' in terms of their review.	30/6/16
59	Auditors to look into the area of pension returns over the last 2 years to see if errors have occurred in the returns.	30/6/16