

**MINUTES OF THE HADLOW GROUP AUDIT COMMITTEE
12 MARCH 2015**

Present: Mr B McNicoll (Chair & Governor)
Mr J Standen (Governor)
Ms S Hart (Governor)
Mr H Guntrip (Governor)
Mr P Greenwood (Non-Governor Co-Opted Member)

In attendance: Mr M Lumsdon-Taylor-Group Director of Finance

Mr J Allen - Group Clerk
Mr R Shaunak - Macintyre Hudson

The meeting commenced at 09.30.

WELCOMES, APOLOGIES & DECLARATIONS OF INTEREST

58. The Chair welcomed everyone to the meeting of the Hadlow Group Audit Committee. Apologies were received from Ms L Currie (Governor), Ms L Brown (Group Vice Principal), and Ms P Powditch (Assistant Director of Finance, MIS & ICT).

59. The Clerk advised that the membership of the Hadlow Corporation and the Hadlow Group Board would be a standing declared interest at each meeting for Mr H Guntrip, Mr B McNicoll, Mr J Standen, Ms L Currie and Ms S Hart. Mr H Guntrip declared an additional interest in being a member of the Board of the Hadlow Rural Community Free School.

MINUTES

60. **RESOLVED** - that the minutes of the meeting of the Hadlow Audit Committee held 27 November 2014 be approved as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

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

MIN REF & DATE	DETAILS OF RESOLUTION/ACTION POINT	ACTION
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.
19(ii)	To add three contingency days to the audit plan and the use of these days to be determined by the Hadlow Group Audit Committee, or the Chair of the	The use of the 3 days contingency to be agreed by the Committee as and

Agenda item 15

	Hadlow Group Audit Committee through delegated authority	when required.
48	To receive at future meetings the Risk Management Group Summary Report along with the minutes from the risk management meetings at both Colleges	Agenda item
51	Board Assurance Reporting Timetable: Spring Term: Financial & Governance Risk External Funding & value Structure & Legal Summer Term: Safeguarding Quality Teaching, Learning & Assessment	Agenda item

62. Following discussions on the review of the work of Personal Assistants, the Committee sought assurances that the College has in place the right checks and balances on accessing confidential matters and are all staff aware of their duties and responsibilities on accessing confidential and sensitive information. It is **AGREED** for the Director of Finance and Head of Internal Audit Service to agree on control objectives for such a review, and to use one of the contingency days for the review.

63. The Committee sought assurances that the processes relating to Betteshanger are to be subject to review, especially now that Betteshanger has become operational. It is **AGREED** to do a headline review of the Betteshanger project and for the control objectives for the review to be agreed between the Director of Finance and Head of Internal Audit Service.

GROUP AUDIT ROLL FORWARD ACTION PLAN

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

65. Of the 6 audit recommendations relating to Hadlow College as at March 2015, College management confirmed that one has been completed with 5 outstanding but these 5 are on target for completion by the agreed target date. There were no issues of concern noted by the Audit Committee.

66. The action points from the Rural Community School were a direct result of the 'Financial Notice to Improve' issued by the Department of Education. All 17 recommendations have been completed and the College has received a letter from the Education Funding Agency confirming that the 'Notice to Improve' has been lifted. The Committee asked for the minutes to record thanks to all the staff involved in addressing the issues raised by the 'Notice to Improve'.

Agenda item 15

67. All historical recommendations for West Kent & Ashford College (previously K College) have been cleared and no recommendations were made in 2013/14 due to internal audit being suspended at K College.

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

INTERNAL AUDIT ANNUAL REPORTS

69. A total of 9 internal audit reports were received and reviewed. In total, 19 recommendations were made, of which 4 were medium and 15 low priorities. A total of 13 areas of good practice were identified. The following summary was noted:

Audit	Recommendations	Good Practice areas	Audit Opinion
Communication & Image	2	2	Substantial Assurance
Departmental Operating Procedures and Service Standards	2	N/A	Substantial Assurance
Hadlow Rural Community School	2	4	Substantial Assurance
Central Nominal Ledger – Hadlow College	1	1	Substantial Assurance
Central Nominal Ledger – WKAC College	1	1	Substantial Assurance
Income & Credit Control – Hadlow College	3	1	Substantial Assurance
Income & Credit Control –WKAC College	1	1	Substantial Assurance
Supplies & Tendering – Hadlow College	4	3	Substantial Assurance
Supplies & Tendering – WKAC College	3	0	Substantial Assurance
TOTAL	19	13	

70. A discussion took place on how best to feedback from the Audit Committee to the appropriate Board/Corporation on those audit recommendations that apply specifically to that Board/Corporation. For example, the 'Medium' recommendation arising from the audit review of communication and image, was specifically related to the Hadlow Group

Agenda item 15

Board - that the strategic direction, mission, aims and objectives should be confirmed to clarify the purpose of the Group and measure its effectiveness in the future.

71. It was **AGREED** that there should be a summary table listing all internal audit recommendations, agreed management responses, timescales for completion, and to which Board/Corporation the recommendation refers. The summary table to be presented to the Audit Committee along with the internal audit reports, and the summary table to be made available to each Board/Corporation as appropriate.

72. Against the 'Medium' recommendation (Suppliers and Tendering – Hadlow College) that a contracts register is implemented and for all tender documentation and contracts to be held centrally, the Committee **REQUESTED** that management responses be confirmed and reported at the next meeting in June.

73. A general observation was made that the 'Implication' section under 'Findings' in the detailed recommendations and action plan were too general and not specific enough and, as currently worded, did not inform the Committee of the seriousness of the issue and of its impact if not addressed. The Head of Internal Audit Service **AGREED** to look into this.

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

(The Head of Internal Audit Service left the meeting at this point).

TENDERING FOR AUDIT SERVICES

75. After discussion it was **AGREED** to proceed with a tendering exercise for both external audit and internal audit. As this was a critical decision for the Hadlow Group Audit Committee to make, the following was **AGREED**:

- (i) To draft tender specifications and to email these to Members for comment;
- (ii) To hold a special meeting of the Committee in April to review tender specifications, tender timetable, and to confirm the firms to invite to tender; and
- (iii) To arrange tender interviews in June so that final appointment recommendations can be made at the July Corporation meeting.

(Mark Lumsdon-Taylor left the meeting at this point to attend a meeting at Hadlow College)

RISK MANAGEMENT

76. 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) Global Trend Summary Report confirming key movements of risk scores since the last meeting;

Agenda item 15

- (iii) Minutes of the Hadlow College Risk Management Team meeting held 24 February 2015;
- (iv) Minutes of the WKAC Risk Management Team meeting held 26 February 2015; and
- (v) Minutes of the Critical Incident Team meeting held on 03 February 2015.

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

BOARD & AUDIT ASSURANCE FRAMEWORK

78. 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

79. It is proposed that each system will be subject to annual review through a system report. Scheduled for review at this meeting were External Funding & Value and Structure & Legal.

80. During discussions on the Risk Register and the Board & Audit Assurance Framework observations were made around the Executive workload and succession planning, staff turnover issues, and the issues around English & Maths. Members sought assurances that appropriate actions were being taken to mitigate against these risks and were they being discussed at the appropriate Committee. The Clerk confirmed that these matters had been discussed at the various committees held this term. This led to a discussion on how the Group Audit Committee receives information from the committees and should not the committees review those high risks that fall within the scope of their terms of reference and also on the levels of assurances available, and to report the outcomes of their deliberations to the Audit Committee before the Audit Committee makes the final assessment on risks/assurances?

81. Member felt, for example, that they were being asked to make judgments/assessments on areas of quality without any input from the Curriculum & Quality Committees.

82. A suggested way forward was to put in place arrangements for the Committees to review those high risks that fall within the scope of their terms of reference and also on the level of assurances available as confirmed in the assurance map. These assessments would then be made available to the Audit Committee and recorded on the Assurance Form. This final bit of evidence would assist the Audit Committee to make an overall judgment on both risks and assurances.

Agenda item 15

83. To adopt this process would require the following changes:
- (i) New column to be added to the risk register to record which Committee has the monitoring responsibility for the risk;
 - (ii) Fixed agenda item at the end of each Committee for the committee to review those high risks in the risk register that fall within the scope of their terms of reference and to make available the assurance map;
 - (iii) The committee to be asked to make an assessment on whether it is satisfied that the risk levels are correct and that sufficient controls and or actions are being taken to manage the risks and that there are appropriate levels of assurance;
 - (iv) These assessments to be made available to the Audit Committee before they make an overall assessment on assurances.

84. Members felt this would be a good way of engaging all governors in taking responsibility for risk and assurances. The Clerk would have to ensure that the Audit Committee was scheduled to be the last Committee meeting for each term.

ANY OTHER BUSINESS

85. There was no other business.

DATE OF NEXT MEETING

86. Thursday 11 June 2015 @ 09.30 @ **Hadlow**

The meeting closed at 12.00.

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	11/6/15
62	Staff awareness of their duties and responsibilities on accessing confidential and sensitive information: Director of Finance and Head of Internal Audit Service to agree on control objectives for such a review	11/6/15
63	To undertake a headline review of the Betteshanger project and for the control objectives for the review to be agreed between the Director of Finance and Head of Internal Audit Service.	11/6/15

Agenda item 15

71	A summary table to be made available listing all internal audit recommendations, agreed management responses, timescales for completion, and to which Board/Corporation the recommendation refers too. The summary table to be presented to the Audit Committee along with the internal audit reports, and the summary table to be made available to each Board/Corporation as appropriate.	11/6/15
72	Against the 'Medium' recommendation (Suppliers and Tendering – Hadlow College) that a contracts register is implemented and for all tender documentation and contracts to be held centrally, the Committee requested that management responses be confirmed and reported at the next meeting in June.	11/6/15
75	<p>Audit Tendering:</p> <ul style="list-style-type: none"> (i) To draft tender specifications and to email these to Members for comment; (ii) To hold a special meeting of the Committee in April to review tender specifications, tender timetable, and to confirm the firms to invite to tender; and (iii) To arrange tender interviews in June so that final appointment recommendations can be made at the July Corporation meeting. 	11/6/15
83	<p>Risk Management & Board Assurance:</p> <ul style="list-style-type: none"> (i) New column to be added to the risk register to record which Committee has the monitoring responsibility for the risk; (ii) Fixed agenda item at the end of each Committee for the committee to review those high risks in the risk register that fall within the scope of their terms of reference and to make available the assurance map; (iii) The committee to be asked to make an assessment on whether it is satisfied that the risk levels are correct and that sufficient controls and or actions are being taken to manage the risks and that there are appropriate levels of assurance; (iv) These assessments to be made available to the Audit Committee before they make an overall assessment on assurances. 	11/6/15
	Request from the Chair: to be in-line with good governance practice, to conduct at the next meeting the annual review of the conduct of meetings and committee membership. Ha the Committee adequately discharged its duties during the first year of its operation?	11/6/15